









## Hours of crisis as police play a waiting game

By Nicholas Timmins

The police strategy for the Stansted crisis was outlined by Mr Robert Bunyard, Chief Constable of Essex, yesterday, about nine hours after the hijacked plane touched down at Stansted and after a crisis in which the terrorists threatened to blow the aircraft to pieces had passed.

"It is my intention," he said, "to sit this out. It is not my intention to allow this plane to leave this airport. We shall wait here. We shall play a waiting game."

"We do not intend to create a situation where the blowing up of the aircraft becomes a serious threat."

Stansted first knew that it was to face the siege at 1.45 pm on Saturday as Tango Charlie 737, the Air Tanzania Boeing 737, passed Paris.

The plane was hijacked on a domestic flight from Mwanza to Dar-es-Salaam that left about 3 pm British time on Friday with 99 passengers on board. It had called at Nairobi, Jeddah and Athens in a zigzag route of several thousand miles, leaving Athens at 9.40 am on Saturday with maps for Copenhagen and London on board. Eight hostages had already been released, six in Nairobi and two in Athens.

As the aircraft came in, the captain radioed that the hijackers wanted the Tanzania High Commissioner, Lord Carrington, the Foreign Secretary, and Mr Oscar Kambona, a former Foreign Secretary and Minister of Defence in Tanzania, who has lived in exile since 1967, to meet the plane. "I do not think there will be any need for military preparation," the captain said. "They are nice people."

The 737, in its blue and silver livery with the giraffe symbol of Air Tanzania on its tail touched down at 2.31 pm. It was met by a ring of armed police as the aircraft was sealed off.

Shortly afterwards two military helicopters touched down out of sight of the aircraft, parked near the cargo terminal 350 yards from the passenger terminal at the airport.

Stansted



Relatives of the hijack victims waiting anxiously

## Climate of unrest in Tanzania

By Our Foreign Staff

The hijackers, although claiming to represent a "revolutionary youth movement of Tanzania," do not seem to belong to an opposition group of any size or significance.

Tanzanian officials say they have never heard of the organization named by the hijackers.

But the hijack and the group's call for the resignation of President Nyerere has focused attention on the unrest in Tanzania over a forced socialist policy and shortages of food, drugs and many everyday items.

A group of army officers who presented a list of grievances to President Nyerere last year were immediately arrested. A mutiny was reported last year at an army base in Mwanza, where the hijacked flight originated on Friday, but no official word confirmed the details.

Mr Oscar Kambona, the former minister who talked to the hijackers, fled from his home country in 1967 after disagreements with the President. He has subsequently been accused of involvement in plots against Mr Nyerere.

Mr Kambona, aged 54, who regards himself as an orthodox Marxist, sought refuge in London and set up an opposition party in exile, the Movement for Free and Popular Democracy. Before leaving Tanzania, he also resigned from his post as Secretary-General of the Ruling Tanganyika African National Union (TANU), which he helped Mr Nyerere to found.

In 1970 Mr Kambona was accused in his absence of being the main organizer of a coup against the Tanzanian Government. Two years later he turned up in Lisbon and claimed that the Portuguese authorities had let him establish a guerrilla training camp in northern Mozambique.

After Mozambique's independence he found refuge in Kampala, where President Idi Amin allowed him to broadcast, and after Tanzanian troops toppled the Ugandan dictator in 1979 they found evidence in the presidential home that Kambona had been involved in 1975 plans to overthrow the Tanzanian Government.

If hijacking is showing signs of increasing the reason for the unrest in Tanzania is the resort to ever more exact weapons, and the fact that authorities' vigilance in security measures has slackened.

There is also the element of fashion: terrorist actions follow specific trends. The hijackings and kidnappings of the early 1970s have now been replaced by sieges and assassinations, but a swing back may be beginning. Few experts however really feel any increase in hijacking will be dramatic.

## Story they did not see

By a Staff Reporter

Sergeant Julian Field, press officer with the Special Air Service Regiment did not know what had hit him. Four weeks ago his force had held an exercise on how to handle a hijacking, at Wetherfield United States Air Force station.

Four Essex policemen pretended to be the world's press. On Saturday, 150 press representatives flooded into Stansted.

"They were no trouble," he remarked ruefully, on his play-acting colleagues as photographers, reporters and what seemed like half the world's television crews demanded pictures, telephones and access. They were cooped up, well out of sight of the hijacked plane, in two second World War huts, surrounded by police to stop them leaving. They were in the middle of a virtual news blackout. No news, no view and no telephones.

At first it had all looked so easy. The veterans of Balcombe Street and the Iranian Embassy could hardly believe their luck.

Reporters were lured 100 yards away, out of sight of the plane to the aptly named "Delayed departure lounge" for a highly uninformative press conference. They discovered they were not allowed out. Confined to the Nissan hut, they found there was only one telephone.

With a long night and day ahead, the experienced hands got down to cards. Radio knobs were twiddled in search of police, negotiators, or the BBC World Service, and even the hardest tried for some sleep.

## Begin sensus in troops to ensure Sinai withdrawal

From Christopher Walker, Keren Shalom, Gaza, Feb 28

The penultimate stage of Israel's withdrawal from the remaining 12,000 square miles of occupied Sinai has begun with the mounting of one of the largest and most contentious security operations in the history of the state.

All roads to the area are now blocked by a formidable series of Army and police barricades. Today, Mr Menachem Begin, the Prime Minister, told an angry delegation of Sinai settlers that the new blocks will stay in position until the territory is handed back to Egypt as agreed at Camp David.

Militant Jews, opposed to the pull-back for ideological reasons, have quickly resorted to potent emotional tactics to counter the move. Deliberately stirring memories of the Holocaust, many have pinned yellow stars to their breasts and begun taunting Israeli soldiers with cries of "Nazis" and "Kapos".

Soldiers whom I spoke to were reluctant to discuss their difficult new role beyond stating in no uncertain terms that foreign journalists were among the many categories of people no longer permitted to set foot in Sinai. But the Jerusalem Post reported from the largest settlement of Yamit that some of the Israeli troops enforcing the new orders were in tears. "Many were clearly apologetic and sorrowful," the newspaper added.

Inside the barricaded area, tension rose sharply as reports began to filter back from Jerusalem of Mr Begin's firm stand on the issue of the road blocks — set up to prevent the threatened influx of thousands of protesters opposed to the evacuation.

By noon, settlers from the Stop The Withdrawal campaign had begun to erect their own makeshift blocks of old cars and tractors at the main crossroads near Yamit.

However, after a personal intervention by Lieutenant-General Rafael Eitan, the Israeli who flew into the desert by helicopter, the campaigners' road-blocks were temporarily removed. Plans were then set in train for an urgent meeting between the militants and Mr Ariel Sharon, The Defence Minister.

In a separate intervention designed to avoid possible bloodshed, Israel's top rabbi addressed an open letter to Sinai militants, stating that to violently resist the country's security forces or to start a civil war would be "a grave sin."

The large quantities of sophisticated riot control equipment, barbed wire, troop reinforcements and emergency medical facilities which have been brought into the region should be sufficient to dispel any remaining Egyptian doubts about the Government's determination to meet the April 26 deadline.

The clampdown, which went into effect at midnight on Friday, has already provoked fierce criticism from extreme right-wing members of the Knesset, one of whom went so far as to accuse Mr Begin of starting a Jewish civil war. The small Jewish (Knesset) Party will challenge the Government with a motion of no confidence, but commentators expect Mr

## NEWS IN SUMMARY

### Flaw found at nuclear station

Los Angeles.—A new flaw has been discovered at the Diablo Canyon nuclear power plant near San Luis Obispo, California (Ivor Davis writes).

The latest flaw, involving valves similar to the ones that failed in the Three Mile Island nuclear accident, was discovered by the Pacific Gas and Electric Company which has been trying to start up the power plant.

The company discovered that the valves, which should be able to withstand an earthquake, were potentially vulnerable to seismic disturbances.

### French parties join battle

Paris.—France's four main political parties launched their campaigns for local elections, each aiming for symbolic victory in the first national test since the Socialists swept to power last year.

More than 7,000 candidates are standing for office in nearly 2,000 cantons, administrative subdivisions whose representatives sit on the 95 departmental, or county, assemblies of metropolitan France. The two-stage elections will be on March 14 and 21.

### Falling leaves of bureaucracy

Brussels.—The European Parliament is becoming bogged down by a paper mountain of its own making (the Press Association reports). Its monthly output of paperwork uses up to about 80 trees — more than 12 million pages of documents which would form a pile 14 times the height of Big Ben.

According to a 22-page report being considered by MEPs, the situation is becoming so bad that it threatens the future smooth running of the Parliament.

### Gaddafi murder plot reported

Washington.—The CIA has evidence that Colonel Gaddafi, the Libyan leader, was the target of an army assassination attempt two months ago, apparently escaping with a bullet wound in the jaw. The Washington Post said.

The newspaper quoted an unnamed "senior government official" as the source of its report and said the CIA had sufficient evidence to confirm the incident.

### Muslims renew peace effort

Bahrain.—Mediators from the Islamic Conference Organization will meet in Jiddah on Friday to consider a new strategy for ending the 17-month-old Iran-Iraq war, the official Saudi Press Agency said.

In Tehran, a member of Ayatollah Khomeini's police force has been assassinated, and, in a separate battle with police, two anti-government guerrillas have been killed.

## Quiet man at the top

By Peter Evans, Home Affairs Correspondent

Mr Robert Bunyard, the Chief Constable of Essex, who took charge of the Stansted siege, has written: "Leadership is too often seen in terms of the stereotype of a sergeant major on a parade ground. The result has been the general under-estimation of the leadership ability of people who are quietly spoken."

Mr Bunyard, aged 51, is quietly spoken. He does not join in public debate. But because he is a "police-style" policeman, few in the force underestimate him.

He admires the quiet approach, but does not shrink from using more dramatic approaches when necessary. His force takes example from him. When a prisoner went on hunger strike in the police cells at Barlow in 1980, during the prison officers' dispute, officers fished bacon near him and the 48-hour fast was broken.

"Mr Bunyard who has been in the Metropolitan Police for 20 years, is one of a new breed of police managers. He became chief instructor at Hendon Training School, where he was one of the first British police officers to apply modern management principles to the service."

In 1972, he became Assistant Chief Constable of Leicestershire and lectured on manpower planning and police organization at the



Mr Robert Bunyard: One of a new breed.

Police College, Bramshill. Before his appointment as Chief Constable of Essex in July 1978, he spent time overseas, acting as adviser and student (his word) of foreign policing.

His temperament and years of study made him the right man in the right place at the weekend. It all followed the dictum he laid down in his book *Police: Organization and Command* (Macdonald and Evans 1978).

"It is essential that the police should prepare themselves to deal with a wide range of terrorist situations firmly but without over-reacting," he wrote.

## TALKS ON HALEWOOD DISPUTE

By Donald Macintyre

Shop stewards will meet at Ford's Halewood plant, Merseyside, today to discuss the strike over the dismissal of a paint shop worker which halted day-shift production of cars at the end of last week and cost £2.25m in lost production.

4,000 production workers were laid off because of the strike by 37 paint shop employees.

The management say the man has been suspended five times in the past two years. He was given a final warning in December when he was nearly dismissed for allegedly causing wild damage by sanding wood into electro-coated paint on a car.

The management revoked the December penalty and imposed a five-day suspension after an internal appeal. The man, whom the company is declining to name, was dismissed last month for being absent from his place of work. Transport and General Workers' Union officials have claimed he was missing for only a "couple of minutes".

## Tories face poll threats

By Anthony Bevins, Political Correspondent

A Social-Democrat-Liberal Alliance by-election victory now threatens the safe Conservative seat of Beaconsfield, in Buckinghamshire, after the death of Sir Ronald Bell in his office at the Commons on Saturday. He was 67.

Sir Ronald had earlier attended an anti-EEC meeting in London. His hostility to the EEC and immigration marked him as a hardline right-winger in the Conservative Party.

He was knighted in the New Year's honours in 1980 on the Prime Minister's recommendation after the restoration of political honours.

Mrs Margaret Thatcher said yesterday that she had been deeply saddened to hear of his death. "He possessed two supreme qualities, rare enough on their own, but in combination rarer still: a fierce loyalty to his party and a robust, even defiant, independence of spirit and conviction."

"The House of Commons has lost one of its most distinguished members, and his constituency an indefatigable servant."

Sir Ronald held Beaconsfield with a majority of 4,155 per cent over Labour at the last election, 10 per cent

## £1½m RENT BLUNDER ADMITTED

From Our Coventry Correspondent

A blunder about £1,500,000 lost rent for a Coventry store has angered Conservative councillors on the city council.

Several said they were amazed about the "ridiculously low rent". Other members of the Conservative minority group said that for nearly 30 years the company concerned had been receiving more rent from two sub-lettings than it paid to the council for all its leased property.

Council officials admit to an oversight. They say they missed the opportunity to increase the store's rent at the 21-year stage of the original contract, in 1974. They were now trying to recoup the losses through legal action.

The blunder involves Hepworths, the multiple tailoring company, which is still paying the 1953 fixed rent of £8,500 a year for a top site in Coventry city centre.

The premises are on a 42-year lease but because of the council error, the rent was never raised to the new figure of £80,000 a year.

## LCCI Notice

## WHY ENTERPRISING BUSINESSES NEED TO BE ON THE NEW BUSINESS REGISTRY

Whether you run a factory, a couple of shops, a fleet of taxis, the company uses a business name — or if you are just starting up on your own account — we strongly advise you to register the name of your business and obtain a certificate of registration.

To take the place of the government's old Registry of Business Names, which closed down last Friday, a new Business Registry starts work this week. It covers England, Wales and Scotland and is operated by the London Chamber of Commerce and Industry in association with the Birmingham and Cardiff Chambers and other major Chambers of Commerce.

**What are the advantages of registration?**

- ★ It reduces the risk of confusion with similarly named businesses and companies — and possible legal action.
- ★ If you are starting up in business, applying for registration will enable you to find out whether your business name is prohibited or requires approval. You will also get a search of registered company names, trade marks and registered business names.
- ★ The certificate of registration is designed to comply with the display requirements of the 1981 Companies Act.

★ Registration is a valuable credential, particularly when conducting business abroad.

**What does it cost?**

★ For existing businesses — £10.00 (plus VAT).

★ For new businesses, including the name search report — £15.00 (plus VAT).

**Do I have to give any confidential details of the business, and how do I apply?**

No. A simple application form can be obtained from the addresses below, or by completing the coupon.

Please send me details of the LCCI Business Registry and an application form.

Name \_\_\_\_\_

Address \_\_\_\_\_

TO: The Registrar, LCCI Business Registry, Dept 5  
London Chamber of Commerce & Industry,  
69 Cannon Street, London EC4N 5AB,  
or Birmingham Chamber of Industry & Commerce, P.O. Box 360, 75 Harborne Road,  
Birmingham B15 3DH  
or Cardiff Chamber of Commerce & Industry,  
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## NEWS IN SUMMARY

## Submarine 'exposes' Nato gaps

Catania, Sicily. — Signor Martino Scovacchi, the Italian Under-Secretary of Defence, said he was convinced that the unidentified submarine spotted off the Gulf of Taranto near Italy's biggest naval base last week was a Soviet spy vessel.

Admiral William Crowe of the United States Navy and commander of Nato forces in southern Europe said that the vessel's appearance showed there were holes in the alliance's Mediterranean security system.

He also said that the submarine's intrusion was the first such episode involving Italy and that the "holes in our security provisions will have to be carefully evaluated".

## Thorn calms stormy waters



Melbourne. — Australia's rather tenuous relationship with the EEC could well improve after the four-day visit of Mr Gaston Thorn, the Community President (above).

His visit is seen as being largely a public relations exercise to smooth the troubled waters of the past 10 years during which Australia has been virtually excluded from agricultural trade with the EEC (Douglas Arton writes).

## Lord Carrington camps in Kenya

Nairobi. — Lord Carrington, the Foreign Secretary, began a five-day visit to Kenya by spending the week-end in a camp in the Mara game reserve near the Tanzanian border after flying in from Salisbury.

Officials have been emphasizing that there is no problem in relations between Britain and Kenya, and that Lord Carrington's visit is mainly one of good will. He is due to meet President Moi after talks with Kenyan Ministers on Tuesday. He is also to see a new road project in the Embu-Meru area, for which Britain is providing £13.7m.

## Deaths blamed on bad design

New York. — Two huge skyscrapers that collapsed and killed 113 people at the Kansas City Hyatt Regency Hotel last July could barely support their own weight, according to the findings of a Government investigation (Piers Akerman writes).

The original design of the walkways provided for a load of 100 lb per sq ft, but that required by city building codes. This was further compounded during construction, when the weight on the slender support rods was doubled.

## Uganda violence condemned

Nairobi. — The opposition Democratic Party in Uganda has accused the Government of failing to halt the deterioration in security demonstrated by last week's rocket and mortar attack by guerrillas on barracks in Kampala (Charles Harrison writes).

Unofficial sources say that many innocent people have been killed in retaliation for the attack, and the Opposition, which wants Parliament recalled immediately, asks the Government to carry out proper investigations before allowing the Army to retaliate.

## Walkout splits OAU meeting

Addis Ababa, Feb 28. — The Organisation of African Unity (OAU) ended one of the most divisive sessions in its 19-year history today with more than a third of its 51 members boycotting the closing meeting. They were protesting at the admission of the Polisario guerrilla front.

A Moroccan-led attempt to scuttle the talks by delaying the session to a two-thirds quorum failed on a technicality this morning. Although Liberia and Upper Volta joined 17 countries which had already quit the talks.

## Coup trial 73 face death

Manama. — A total of 73 people accused of planning a coup in Bahrain last December go on trial this week before the Supreme Court. The Public Prosecutor will demand the death penalty for those found guilty.

## Boycott by right wrecks Central America summit

From Paul Elleman, San José, Costa Rica, Feb 28

A summit meeting of central American Presidents, scheduled to take place here yesterday was abruptly called off when it became apparent that right-wingers would not sit down with representatives of left-wing Nicaragua.

President Rodrigo Carazo of Costa Rica, the only functioning democracy in Central America, had invited five other leaders to San José, ostensibly to mark the start of construction of the University of Peace, a United Nations sponsored institute for the study of non-violence.

Costa Rica has been active in trying to promote reconciliation in Central American countries plagued by internal strife, notably El Salvador. In Nicaragua, conservatives are becoming increasingly critical of alleged Marxist-Leninist among the Sandinistas who dominate the Government.

Political sources in San José said that President Carazo was hoping to use the gathering of presidents to maintain the momentum created by the announcement a week ago by President José López Portillo of Mexico of a peace plan for El Salvador.

The plan has been received coolly by the United States, which stands by President Reagan's plan for the Caribbean Basin announced last Wednesday.

When it became apparent that President Carazo hoped to encourage a dialogue at the meeting between President José Napoleón Duarte of El Salvador and President Roberto Somoza Córdoba of Honduras and Señor Daniel Ortega, the "coordinator" of Nicaragua's Revolutionary Junta, the two Presidents decided not to come.

El Salvador and the United States have accused Nicaragua of supplying arms to guerrillas in the arid border region of the National Liberation Front, which is fighting to overthrow Señor Duarte's Government.

Relations between Honduras and Nicaragua have deteriorated sharply, after allegations by the Nicaraguans that Honduras is serving as a base for right-wing Nicaraguan guerrillas loyal to the memory of the late dictator, General Anastasio Somoza, who was overthrown by the Sandinistas in 1979.

San Salvador: An assassination attempt on the flamboyant leader of one of El

## Bishops get tough on martial law

From Roger Boyes, Warsaw, Feb 28

Poland's Roman Catholic Church and the country's martial law authorities seem to be heading for a new round of confrontation, after a particularly tough episcopal statement read out from Polish churches today.

Although the statement was tempered by a call for reconciliation and calm, it was a comprehensive attack on martial law. It gave the clearest declaration yet of the terms on which the church will cooperate with the state in rebuilding social consensus.

The communiqué came after a two-day meeting last week of 60 Polish bishops, and is in line with the church's evolving strategy, leaving the harshest criticism of military rule to the episcopate.

But the episcopate's message gains weight because it is the first since the primate's visit to the Vatican about two weeks ago, and therefore gives the impression that there is full papal backing for the communiqué. This impression is reinforced by frequent references to the decisions of previous Vatican councils to support its arguments.

"Sheer physical force, even the very presence, cannot honestly and in a lasting way resolve the problems of the life of the state", the communiqué said. Instead, there should be social agreement which "should include guarantees for the justified needs and aspirations of society, for the participation of citizens in public life and the exercising of social control".

The part of the communiqué most likely to bring a swift response from the Government is the complaint about the "atheisation of children". Catechisms have been taken down in schools and factories and Marxist-Leninist studies have been returned to most curricula.

The communiqué says that this is "creating conflicts of conscience, not only among students but also among teachers". The Government is expected, according to one church adviser, to give some ground on this issue.

The core of church strategy over the coming weeks was explained in an interview with Janusz Zablocki, head of the Catholic group in the Polish parliament. The first object is to give Solidarity members an ideological basis in the shaping of future trade unions.

Salvador's extreme right-wing parties has cast a further shadow over campaigning for elections scheduled to take place on March 28. (Our Correspondent writes).

Major Roberto D'Aubuisson, leader of the Nationalist Republican Alliance (Arena) was hit by a sniper's bullet outside Hopango airport, eight miles east of the centre of San Salvador.

Hospital sources said that he was hit in the right shoulder, but declined to provide any details of the nature of the bullet.

Major D'Aubuisson, who has been linked to a number of political assassinations, went ahead with his campaigning today as scheduled.

The attempt on his life came in the wake of a grenade attack on the Arena party headquarters in San Salvador on Friday night, which injured five party workers.

In other political violence, a convoy of supporters of President Duarte's Christian Democratic Party was fired upon today while travelling along a highway in the south-east of the country, and the body was discovered of the nephew of one of President Duarte's civilian allies on the ruling Junta, Dr. Antonio Morales Ehrlich.

A force of about 1,500 Salvadoran troops, backed by air and artillery strikes, has become bogged down in bitter fighting with about 1,000 guerrillas dug in on the Guazapa volcano, 30 miles north of San Salvador.

Port of Spain: Caribbean reactions to President Reagan's economic initiative for the Caribbean Basin have been mixed (Jeremy Taylor writes).

The Jamaican Prime Minister, Mr Edward Seaga described them as "bold, historic and far-reaching in concept".

In Dominica, a spokesman looked forward to "some real economic excitement", but wondered what would be left for the smaller, poorer economies of the Eastern Caribbean.

There is particular disappointment in the Eastern Caribbean at the absence of development aid, without which foreign investment is likely to remain scarce.

There is also widespread scepticism about President Reagan's faith in free enterprise as the road to economic salvation.

## Nkomo men to stay in power

From Stephen Taylor, Salisbury, Feb 28

Mr Joshua Nkomo's Patriotic Front party decided to stay in the Zimbabwe Government during a seven-hour debate here last night, thus averting a complete and potentially dangerous split with the ruling Zanu (PF) Party.

A statement issued by the central committee after the meeting said that it had decided to "maintain the status quo to avoid possible disintegration of the country".

The meeting had been called to respond to the dismissal of Mr Nkomo and three of his colleagues from the Cabinet 10 days ago over arms caches found on party property. The main issue was whether the Front's three other government members — one minister and two deputies — would remain or resign. The three would stay.

The statement said, mainly to allow the cooling of emotions "which are likely to lead to an explosive situation".

The meeting was moved to a church hall here after municipal authorities prevented it being held in Gwelo.

At an impromptu press conference this morning, Mr Nkomo characterised the Patriotic Front's new relationship with Zanu (PF) as "just a working arrangement". Asked whether this was not a victory for Mr Robert Mugabe, the Prime Minister, he replied: "It is a victory for Zimbabwe. Humiliating my party is one thing but killing Zimbabwe is another."

Mr Nkomo said the main reason for keeping members in the Cabinet was to decrease the likelihood of victimisation.

"We have a lot of young people in the army and the police," he said, referring to his former guerrilla forces who have been integrated with Mugabe men in the army. "Remove all PF people from the Government and you leave them in a precarious position."

As a result of scrapping the coalition the Front would be more free to oppose the Government in parliamentary debate. However, he said he did not expect to meet other opposition party leaders until the arms caches were completed. "Robert knows what that would lead to," he said.

Although the relaxation of restrictions on trade with South Africa ostensibly involved only non-military equipment, some items could have possible military uses. These include personal computers, calculators and personal communications equipment, as well as chemicals and industrial equipment.

Moscow's recent angry tirades against the Italian Communist Party, the most serious polemic against a fraternal party since the break with China, came at a time when Soviet relations with West European Communist parties are at their lowest yet.

Many parties have made no secret of their differences with the Russians and some, such as the Italians and Spanish, are even seeking electoral advantage by denouncing Soviet actions. In Poland, rejecting the leading role of the Soviet party and calling into question even such sacred tenets as the historical significance of the Soviet experience, and the contribution of Lenin to Marxism.

Other parties, such as the French, although turning their backs on earlier flirtations with Eurocommunism, are proving less than wholly reliable allies, have ventilated in public debate issues the Russians prefer not to discuss, and have placed Moscow in an awkward spot by joining a government that has strongly denounced Soviet actions and policies.

Throughout Western Europe Communist parties have been losing votes in elections and Communist influence in trade union and workers' movements is being challenged by social democrats on the right and Trotskyists and others of the far left.

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## Communism in Europe

## Betrayal shakes unity of the Kremlin line

From Michael Rinyon, Moscow, Feb 28

basis of opposition to the Kremlin line and to nuclear missiles in Western Europe.

In the attempt also to win the hearts and minds of the European public the Russians do not want to campaign solely through Western Communist parties, who lack credibility with their political opponents and are dismissed as Soviet mouthpieces by the bulk of the population. For this reason the Russians have been content to downgrade their links with Western parties. The stand-off has been mutually convenient.

This new policy, spelled out by Mr Boris Ponomarev, a senior ideologist, soon after Mr Foot's visit here last year, was immediately visible in Finland, a country that acts as a weather-vane of Soviet intentions. The Communist Party there has long been split into a majority liberal faction taking a virtual Eurocommunist line, and a minority of Stalinists who have always enjoyed strong Soviet backing.

The Russians were known to be unhappy at the prospect of Mr Menno Koivisto, a social democrat, being elected to replace President Urho Kekkonen. In contrast to the majority of the party, the Stalinists dutifully attacked Mr Koivisto, making it clear they would even back a Centre Party candidate. But suddenly last autumn they did a volte-face and said they were ready to back Mr Koivisto.

The change could be because the Russians saw he would probably be elected in any case; but it also fitted in well with Moscow's new policy of cultivating good relations with prominent social democrats.

Finland is perhaps a

special case. In general elsewhere the Russians prefer a loyal, disciplined, ideologically reliable party even if it is small, such as the Greek and Portuguese, to one that dilutes its tenets to broaden its electoral base, such as the Italian and Spanish parties.

The quarrel with the Italians dates back to the invasion of Czechoslovakia in 1968, and has simmered since, although regular visits and delegations continued to take place. But the tough letter on Poland the Russians sent the party in November, 1980, and has threatened since, although regular visits and delegations continued to take place. But the tough letter on Poland the Russians sent the party in November, 1980, and has threatened since, although regular visits and delegations continued to take place.

At the Soviet party congress in February last year the Italians were not allowed to address the main meeting, and Pravda held up publication of their delegate's speech for several days. Last November the Italians infuriated Moscow by laying equal blame for world tension on the Russians and the Americans, and a month later Signor Enrico Berlinguer, the party secretary, trumpeted the "Russians' sensitivities" in a move calculated to enrage them, saying their example was now irrelevant to the rest of the world.

Chances of reconciliation now look remote. But things may change if there are new elections in Italy and the party loses votes. The Russians hope that pro-Soviet members will surface to challenge the Berlinguer line.

Similarly with an equally outspoken Spanish party. The Russians have encouraged disaffected pro-Moscow Communists in Barcelona to rally the opposition of young party members to Señor

Santiago Carrillo, the party secretary.

The Italians and Spaniards form the basis of the Eurocommunist movement, something the Russians have labelled as a "weapon of reaction", and dismissed last year as a philosophy "in a phase of decline".

But the threat Eurocommunism posed to Eastern Europe and to Soviet ideological hegemony appears to be fading. The third pillar of this once flourishing phenomenon, the French Party, made a much vaunted return to the Moscow fold, with M Georges Marchais, its leader, defending Soviet actions in Afghanistan and Poland and managing to beat off any challenge at the recent party congress.

Nevertheless, the French party has lost many votes, and its participation in the Mitterrand Government has made it hard for the Russians to know how to handle a government clearly less sympathetic in Moscow's eyes than that of President Giscard.

Parties neither influential nor loyal — such as the British — have been virtually ignored. Instead, the Soviet Union has placed its hopes on the left wing of the Labour Party to oppose Mrs Thatcher's policies.

The Western parties are still important by a fact of their existence, and their championing of a philosophy the Russians still maintain will one day vanquish the world. But in serving Soviet political and strategic interests they now play a lesser role. Their function is to support and applaud Moscow — a function only fully endorsed by Señor Alvaro Cunhal, the Portuguese leader.

## Greek Cypriots hail Papandreou

From Mario Modiano, Nicosia, Feb 28

Mr Andreas Papandreou, the Prime Minister of Greece, who is visiting Cyprus this weekend, accused Turkey of coverting "at least half of the Aegean and western Thrace".

In the absence, he said, of a strong response to the "violent and barbarous" conquest of northern Cyprus in 1974 had whetted Turkey's expansionist appetite.

Mr Papandreou said that the persecution of the Greek community in Istanbul had caused it to shrink from more than 100,000 to only five or six thousand. Speaking at the Archbishop's palace during a ceremony in which he was awarded the gold medal of St Barnabas, the highest church distinction here, the Greek Prime Minister said that his Government was determined to halt that process.

Mr Papandreou is the first Greek Prime Minister to set foot on this island, and his presence has visibly bolstered the morale of the Greek Cypriots, who turned out in force on Saturday to welcome him when he arrived from Athens.

Greek Cypriots of all ages, walks of life and political affiliations came to see him at Larnaka airport, where he was met by President Kyriakou.

Today, as he was driven up the narrow road to the snow-capped Mount Troodos, to lay a laurel wreath in the vaulted crypt where Archbishop Makarios is buried, branches of myrtle had been strewn along the route, and clusters of villagers and schoolchildren waved flags and portraits of Mr Papandreou. Banners overhead read: "Your coming heartens us in our common struggle".

One Greek Cypriot farmer from Morphou, in the north-west, who was dispossessed by the Turkish invasion, was asked what he expected from the Greek Prime Minister's visit. He replied without hesitation:

"We used to pray to God. Now we pray to Andreas".

The genuine warmth of the welcome contrasted sharply with the unprecedented range of security measures taken to protect the Prime Minister's life. Dozens of bodyguards surrounded him at all times, and an ambulance was conspicuous among the police and security vehicles in his motorcade.

The intensity of the hopes that Mr Papandreou's new approach to Cyprus had awakened was reflected by Archbishop Chrysostomos, the fiery Primate of Cyprus, during the decoration ceremony last night in the ornate and overcrowded hall of his palace. The Archbishop de-



Peace mission: President Papandreou of Greece speaking at the Archbishop's palace in Nicosia. On his right is the Primate of Cyprus, Archbishop Chrysostomos.

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clared the indifference of previous Governments of "Mother Greece", and praised Mr Papandreou for speaking with the voice of a "true Greek".

Archbishop Chrysostomos condemned the current intercommunal talks on Cyprus as a confidence trick, and urged the Greek Prime Minister to launch a struggle "not just over a few percentage points of territory snatched from us, but for freedom and justice for the whole of Cyprus".

But Mr Papandreou chose not to take up the challenge. He had already told the vast welcoming crowd in Nicosia, almost as though he were thinking aloud: "One must not say more than one can do".

In his arrival speech, he explained that, although he had no high hopes about the intercommunal dialogue, particularly on account of the "coercive presence of the Turkish occupation army", it had to continue to demonstrate that the Greek side was sparing no efforts to find a solution.

The Greek Prime Minister said there was much confusion, especially in the West, over the nature of the Cyprus problem. This was not a quarrel, he said, between the two communities. It was an invasion and occupation by Turkey of 36.3 per cent of the territory of an independent state.

## US trade policy alarms critics of South Africa

From Nicholas Ashford, Washington, Feb 28

A move by the Reagan Administration to relax restrictions on trade with South Africa by permitting the sale of non-military goods to that country's military and police forces has provoked strong opposition on Capitol Hill.

Senator Edward Kennedy said this weekend that the action would give support to South Africa's policy of apartheid, while Mr Howard Wolpe, chairman of the African affairs sub-committee and a persistent critic of Pretoria, described it as "a very tragic foreign policy mistake".

The policy shift on South Africa emerged in a set of revised export control regulations issued by the Commerce Department. Under the 1979 Export Administration Act, Congress has to be notified of any sale of equipment with a potential military use.

Although the relaxation of restrictions on trade with South Africa ostensibly involved only non-military equipment, some items could have possible military uses. These include personal computers, calculators and personal communications equipment, as well as chemicals and industrial equipment.

The new regulations are to take effect from midnight tonight, although Congress can alter them before they become final in 30 days.

However, such assurances are unlikely to satisfy critics who have become increasingly concerned about the improvement in relations between Washington and Pretoria since the Reagan Administration took office.

The new regulations are to take effect from midnight tonight, although Congress can alter them before they become final in 30 days.

## Crisis of apartheid

## Mission of a super-Afrikaner

From Michael Hornsby, Johannesburg, Feb 28

Dr Andries Treurnicht, who at 28 seems set for a new career as leader of South Africa's first parliamentary opposition of any consequence to the right of the ruling National Party (NP), has come to be seen as the epitome of a veritable that onomatopoeic Afrikaans used to describe the diehard defender of racial separation.

To Dr Treurnicht and his supporters even the mildest reforms of the apartheid system, such as mixed sport or the opening of hotels, restaurants and parks to all races, are the "thin end of the wedge", to quote his own words.

They are motivated not simply by a desire to maintain white rule, a goal fully shared by Pieter Botha, the Prime Minister, and his supposedly vertiginous (liberal or enlightened) lieutenants, but by a quasi-religious sense of mission to preserve the pristine purity of the concept of separate development.

Long pilloried in the liberal English-language press as "No" because of his unbendingly negative stance on the racial question, Dr Treurnicht's credentials as a



Dr Treurnicht: Diehard defender of racialism.

super-Afrikaner are impeccable, and his views all the more chilling for being expressed with the quiet authority of faith rather than in the ranting tones of a demagogue.

Dr Treurnicht began his career as a pastor in the ultra-conservative Dutch Reformed Church, where mainstream opinion still holds that racial differences

and the subordination of black to white are divinely ordained, and that it would be "tyranny" to compel people of different colour to live together. He has also been chairman of the Broederbond, the influential and supposedly secret society.

The differences between Dr Treurnicht and his colleagues in the NP from whom he is now parting company should not be exaggerated. Broadly, the reformers draw a distinction between "grand apartheid" and "petty apartheid".

In practice, this means continuing with the policy of developing the various tribal homelands, or Bantustans. At the same time, the reformers would slowly dismantle racial discrimination in the use of urban facilities, go ahead with trade union reform and, perhaps, even modify the present rigid ban on racially mixed marriage and residential areas. The smaller coloured (mixed race) and Indian communities would be accommodated in the white political structure.

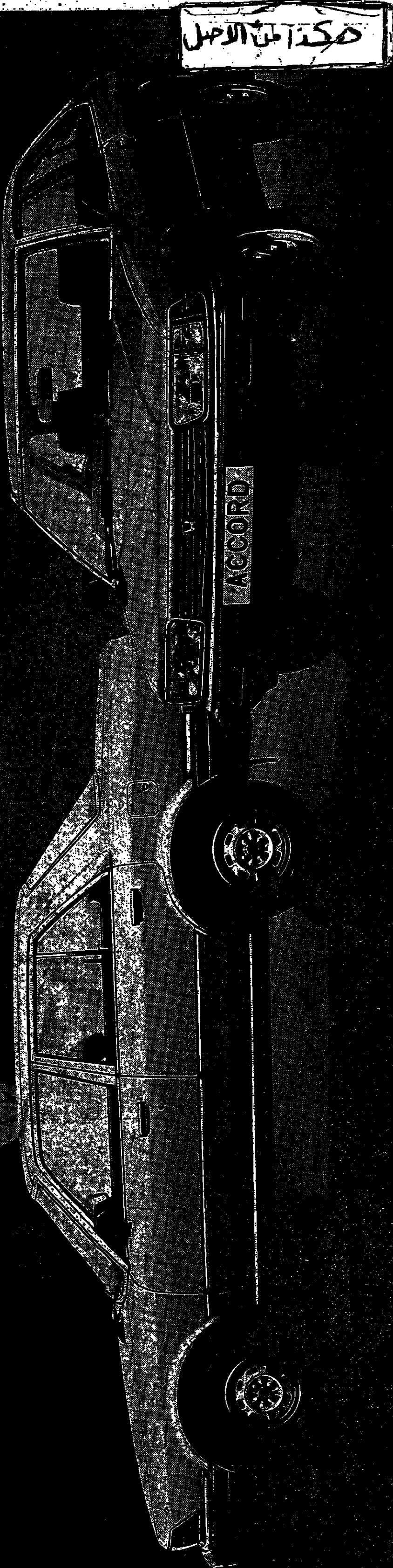
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## Cinema

## Creating an environment for the living

It should stop now. The nominations are the real awards. It's time to compare *On Golden Pond* to *Reds* or *Chariots of Fire*. They should have a dinner and give every one of the nominees something and that's it. But it's the American Way to find 'the best'. So foolish.

This eminently sensible view of the forthcoming Oscar ceremony from the director Mark Rydell, whose *On Golden Pond* is sitting on 10 nominations including Best Film, Best Director, Best Actor (for Henry Fonda), Best Actress (for Katharine Hepburn), and Best Supporting Actress (for Jane Fonda). The film, which opens in London this week, is both a critical and commercial hit in America, where it has been received as a kind of epiphany for what is best and best loved about Hollywood. A principal reason is the casting of Fonda and Hepburn, who had never previously met, let alone acted together.

I had the privilege of introducing them," Rydell recalls. "Kate just said, in that trilling voice of hers, 'It's about time.' Then she gave Henry a precious present — Spencer Tracy's favourite hat. He wears it in one of the opening scenes. Both of them are the most extraordinary virtuoso instruments a director could work with. But they have their problems as actors. Kate, who is luminous, has too much and you have to control it. She's all over the place if you don't watch her very carefully. Henry is a minimalist; like the paintings he does, he's very careful. The detail is superb but he has to be watched too to make sure he's on target with what he's doing. People think with Hepburn and Henry Fonda I just sat back and let them get on with it, but in fact they reached out for my help. They made it easy for me to direct them by inviting me to do it. In the beginning, I was awestruck."

An awestruck Mark Rydell is

"On Golden Pond", which opens in London this week, arrives with 10 Oscar nominations. Joan Goodman talked in New York to its director, Mark Rydell

hard to imagine. A tough, humorous man who grew up in a middle-class area of New York and originally studied to be a musician, Rydell was a successful actor before he became a director. In Robert Altman's *The Long Goodbye*, he played the Jewish gangster, Marty Augustine, who smashes a girl in the face with a Coca-Cola bottle but worries about not going to Temple every Saturday. "Everyone remembers that part. Pauline Kael, who's never written a kind word about me as a director, spent two pages telling me how great I was as an actor. I grew up in the Bronx, I know those street things," Rydell had been a director for some years by the time he appeared in *The Long Goodbye*, and it is his last acting role to date, though he is considering playing a television director in a new film, *Tootsie*, opposite Dustin Hoffman.

Now 52, Rydell worked as a jazz pianist in New York clubs for five years before he took up a scholarship at Sanford Meisner's Neighbourhood Playhouse. Later, he enrolled at the Actors' Studio. "When I went to the Neighbourhood Playhouse I had no idea who anybody was. I used to go upstairs to dance class with Steve McQueen and various others and we'd put on these funny dance nights and a strange little woman would come in who was both electrifying and terrifying. I used to think if she touched me she'd electrocute me. Who was my dance teacher? It was Martha Graham. I didn't know who she was."

It was Sidney Pollack, an old college chum, who brought Rydell to California and started him directing. "He had the good grace to invite me out to be his assistant on *Ben Casey*, which

was a hit television show. I spent four months carrying the book, walking around like a 'shepherd', cueing actors who had previously been supporting me on Broadway. Finally the producer and the star, Vince Edwards, gave me a script and said: 'You're going to direct the next show.' The network were horrified. There was no way they were going to turn their hit series over to an untried director. And that would have been that had the producer and Edwards not said: 'Unless you let him direct, we quit.' I've never forgotten what they did. Everyone needs someone to push the door open for him in this business."

A bartender by instinct, Rydell has broken down a few doors of his own. On his first feature, an adaptation of the D. H. Lawrence novella *The Fox*, he had trouble with his producer. "I'd worked on the film for 18 months and made about a quarter of what I made in television. Raymond Strauss, the producer, was very smart. He'd find out who was the hot new talent who needed a break and he'd pay them next to nothing — in my case nothing. His wife, Anne Hayward, was in *The Fox*. He decided to interfere in the cutting stages. I became lunatic and crazed. I told him, with the coldness and the icy villainy of Marty Augustine, 'I would kill him if he touched the film.'"

From *The Fox*, Rydell went on to direct *The Reivers* with Steve McQueen, *The Cowboys* with John Wayne (reputedly the only picture in which Wayne dies), *Harry and Walter Go To New York* and recently *The Rose* with Bette Midler. "No one wanted to make *The Rose*. It took ten years. I was the first director they called on it and

I said 'Bette Midler' and they weren't interested. Fifteen directors later, when they got around to Bette Midler, they called me back. No one wanted to make *On Golden Pond* either. Jane Fonda bought it, as she says, as a gift for her father, but then she had trouble getting it financed. I'm blessed it's a commercial success because it means the Hollywood studios are going to have to re-appraise what they're doing. After *Kramer vs Kramer* and *Ordinary People* and now *Golden Pond* they can't keep making hardware pictures and what they consider entertainment — a lot of blood and violence. Audiences are hungry for individual films, films that don't just imitate other films."

His success with Bette Midler, who had never acted before, and now with the Fondas and Hepburn, has earned Rydell the label of an "actors' director". He admits the hardest thing for him to learn was the technical side of film-making.

Taken from a stage play by Ernest Thompson, *On Golden Pond* blends the themes of old age and family crisis, a long-standing rift between Norman Thayer (Henry Fonda) and his daughter Chelsea (Jane Fonda). Though it is a "well-made play", the film owes much of its resonance to the private lives of its stars.

"There was Henry Fonda, who has been gravely ill with heart disease, acting a part that deals with failing powers and the inevitability of death. And, of course, he and Jane had their own turbulent history. Whatever she has felt about Henry in the past found room to express itself in this material," explains Rydell. "Transferring *Golden Pond* from

stage to screen gave me the chance to do one of the things I enjoy most, which is to create a real environment for the film. I like a film to live within an environment, not in front of one. The lakeside setting was a character in the film — I tried to give a sense of it, a feeling of the whole summer, to describe the poetry of this mythical Golden Pond."

And there are those awards: "The day they announced the Oscar nominations they called me at home at nine o'clock in the morning. I had a dental appointment that day. My first thought was to cancel it, then I said to myself, no, no, go. So I went and had the novocaine and lay back there like a helpless fool and I thought, this is going to level me. It's hard to get big-headed when somebody's shoving a drill into your teeth."



Mark Rydell (above), and Henry Fonda and Katharine Hepburn in "On Golden Pond" — "the most extraordinary virtuoso instruments a director could work with"



## Concert

## LPO/Solti

## Festival Hall/Radio 3

Though the birthday is still a month distant, those strong enough to stand up to the Festival Hall's top terrace can already enjoy a discerningly selected exhibition of photographs, letters and manuscripts marking Walton's progress from Oldham schoolboy to sun-soaked Ischia octogenarian. He has travelled almost two-thirds of the way when presenting the forty-years-old Cleveland Orchestra, in salute to their virtuosity, with his *Partita*.

It made a sizzling start on Friday night to the first of Sir Georg Solti's three current concerns with the LPO. Summarised by the composer as written for enjoyment rather than to "ponder the imponderables", the *Partita* is utterly dependent on rhythmic élan, on bite, on colour. Sir Georg, with his way of making everything he touches shine, is an electric shock, switched on the current at its brightest in the flanking Toccata and Giga Burlesca, and moulded the graceful lines of the Siciliana with a translucent, insouciant charm.

There was equal alacrity of response from the players in Tchaikovsky's sixth symphony, not least in the March, turned into an orchestral tour de force. Under a baton of Sir Georg's voltage, straggling would have been impossible even in the most despair. But for all the strong drama achieved without liberties of pulse, the tension, the care for detail (perhaps over-much for the second movement's natural grace), the cavalcade, remained unmoved. It was as if Sir Georg had lost touch with the vulnerable heart beneath the notes.

The piano concerto was Mozart's in D minor, K466, demonic enough in its day to sturdily even Beethoven. Helped by a much-reduced orchestra and the conductor's hypersensitive balance, Murray Perahia conveyed sinister undercurrents with the same total intimacy and purity of style that characterise his self-directed performances with the ECO. Interplay with the wind was as deft in left-hand staccato in the central storm of the Romanze (its ambiguous opening tempo beautifully judged) as in the tripping exchanges of the finale.

Joan Chissell



Nureyev and Park: the measure of "La Bayadere" and each other

## Dance

## Unique definition and drama

## Royal Ballet

## Covent Garden

The purely classical dances from the dream sequence of the old ballet *La Bayadere*, moved for the Royal Ballet by Rudolf Nureyev in 1963, were among the works which brought the company to a peak, both in repertoire and in dancing, during the 1960s. It was a double pleasure to welcome them back to the Covent Garden stage on Thursday, both for their own sake and as another sign that the dancing there is coming out of the doldrums it encountered during much of the Seventies.

This is a ballet where the greatest stars in the world are going to be limited in their effect unless the corps de ballet is great too. During the long opening sequence, 32 of them coming in procession down a ramp and winding across the stage, they have to hold the attention alone. There was a wobble or two during the 922 arabesques, or whatever number it is; truth to tell, there always was. What is needed is not mechanical

perfection, but the feeling for movement and timing that makes massed effects possible, and that was there in good measure.

That was heartening enough, and the succeeding entry for the three women soloists even more so. Their trio, with its circlings and interchanges, its curved gestures like statues of the Graces come to life, is one of the prettiest and most joyous dances in the whole nineteenth-century treasury, and I have never seen it more litely done.

The three dancers were Bryony Brind, who then brought a beautiful mixture of sharp leg movements and soft arms to her partly solo; Fiona Chadwick, bounding through the solo with the big arabesques; and, best of all, Ravenna Tucker, exhilaratingly fast and exact and delicate in the quickest solo.

Lesser dancers than Merle Park and Nureyev in the leads might have been outshone by that threesome, but this pair have the measure of the ballet and of each other. Park is dancing in great form this season, and Nureyev,

having added some fresh complications to parts of his solo choreography, not only exults at every bravura passage, but reminds us that another of his gifts is that of giving unique definition and drama to the links between.

Given with *La Bayadere* is another of the Royal Ballet's productions from that same golden period, Frederick Ashton's *Two Pigeons*. Made for the smaller Royal company, it has always looked best with their dancers, but this time the Covent Garden team caught much of its spirit.

The cast included two attractive debuts, by Genesia Rosato as the gypsy girl, suavely seductive, and by Douglas Howes as the pickpocket, apparently determined to leap higher than anyone before in his solos. Lesley Collier was livelier and funnier than before as the heroine, and David Wall full of dash as her errant lover, but Julian Hosking will have to get rid of his bizarre wig if he wants to be taken seriously as the gypsy leader.

John Percival

## Theatre

## The Housekeeper

## Apollo

The first question at issue is whether the widower, Matt Quinlan, is to go into an old folks' home or finish his life quietly in his Brooklyn residence with a housekeeper to attend to his needs. The other question is: what are his needs?

Frank Gilroy hovers teasingly over the second question while grinding away at the first in an opening scene between Matt and his son, who is desperate to get something fixed up before moving to California. The last applicant for the house-keeping job is later, and, as the minutes tick away, the old man puts on a great show of invalid helplessness and determination to preserve the house as a shrine to his dead wife, firmly rebuffing young Dennis's attempts to extract his sexual confessions.

## The Housekeeper

At last the lady arrives: Matt flamboyantly descends the stairs to greet her, having made a quick change into a beach suit and Panama hat, only to be struck speechless on recognizing the bespectacled Fiona as a pickup from his adulterous past. This is the best moment in a play which ploughs through much arduous exposition and static debate towards a few mildly interesting surprises.

One main revelation, visible from afar, is that the sainted mother had given her husband 39 years of wedded misery; another is that Dennis, so keen to leave, cannot stomach the truth when it does come out (needless to say, over a bottle of whisky). It is worth asking whether such a man can escape perpetual imprisonment in the past. But, coming from an old Broadway practitioner, the answer gets locked up in retrospective

## Front line

## The critical phase

Asked why a sane and intelligent businessman should get involved with the live theatre, Julian Seymour pauses for thought for a moment. "Well, it's not because I'm stagestruck," he says, leaning forward confidently, "but the theatre is the most profitable end of show business when it works. Look at *Amadeus* or *Evita*. The thing about the theatre in financial terms is that it is very controllable. It takes place in one theatre."

"You can, for example, audit Drury Lane. It's so much easier than film in that respect. You can always keep track of your costs."

In the context of the casualties that have been strewn around the West End over the years, this concept of theatrical management as a sensible investment may seem startling. But, though Seymour, in common with many others, sees theatre as self-justifying fun, it is quite clear that he has a firm old-fashioned faith in its capacity to generate cash on a grand scale.

The result of this faith has been to place Seymour and his partner Robert Fox at the forefront of the West End management teams. *Anyone for Denis* at the Whitehall has more than doubled the investment of its band of about 30 angels while, against the odds, Mike Leigh's *Goose Pimples* ran for six months and broke even. These productions plus the aggressive signals emanating from their Beauchamp Place offices have exposed Fox and Seymour as new, young, commercial lions in the West End so the next phase of their

operation is unusually critical.

That begins this week with three new projects. First there is the Young Vic production of *Masquerade*, based on Kit Williams' hugely successful book, secondly there is the transfer of Julian Mitchell's *Another Country* to the Queens Theatre from Greenwich and finally there is a touring version of *Denis*. This last is significant because the tour usually starts when the West End version finishes. In America such split productions are commonplace.

Meanwhile, Fox and Seymour are girding themselves to move into the big-money league with a feature film based on the war years of David Stirling, founder of the SAS, for which they have a script written by Frederick Forsyth. But, apart from such occasional projects, live theatre will always be where the team's heart is. Fox and Seymour mean that there is no great surprise but 18 months ago Seymour was an unknown in the industry. He is 36 and comes to the business after 10 years of advertising with Collett Dickinson Pearce where, among other things, he was in at the inception of the surreal Benson & Hedges cigarettes campaign. He has been friends with Fox since the age of 12 and for many years they had planned to go into business together. Seymour retains one other interest — a poster contracting company — but theatre is now most of his life.

We feel we have to be very new, very spectacular or very controversial. We don't have a specific view of the West End audience but to persuade people to part with between £7 and £10 it is not enough to put on a television soap opera. Last year there was a play called *Moving at the Queens Theatre*. It was ill-written and hastily put together but it had Penelope Keith so it filled the theatre for a time. I think you have to do better than that."

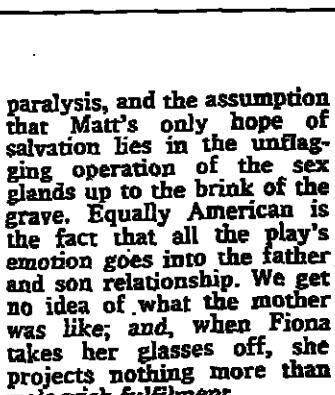
Seymour and Fox are on the look-out for a couple of theatres to buy and are keeping a close watch on developments at ACC which could result in the company shedding its strings of theatres. Reports of their interest in the Garrick and the Duchess are both wrong, in one case because of the lease and in the other because of the size of the house — they regard 600 seats as an absolute minimum.

For all his impatience with the shortcomings of the West End, Seymour believes there is a lot of life left. He points out that it is currently showing real signs of energy and imagination and, meanwhile, Broadway is enjoying its biggest boom since the thirties.

"People talk continually about all these brand new forms of electronic entertainment — cable and video — and that's fine but it still comes down to watching something on your television screen. There will always be a big appetite for live shows. For all of us, the more successful managements there are the better. When things are going well there is a word-of-mouth effect so that people begin to believe the West End is worth going to. So we all benefit from each other's success."

Bryan Appleyard

Seymour: a firm old-fashioned faith



Seymour: a firm old-fashioned faith

## Television

## Political theatres

Saturday's *Open Door* (BBC2) eavesdropped on the Fellowship Community Theatre, Belfast. Last night's *South Bank Show* (LWT) visited London's Black Theatre Cooperative. Both groups professed disillusionment with "middle-class" theatre, and both were fired by a do-it-yourself political zeal. There, very sharply, the similarities stopped.

Martin Lynch, the Belfast playwright, took us on a guided tour of their new production as it neared curtain-up. "The most unlikely people" had been induced to take part, he said. "Unlikely, because ordinary: a housewife, a juvenile delinquent, a permanently unemployed young paterfamilias, a middle-aged man who needed 'a few drinks' before he could get up on stage. Absolute candour ruled. 'The basic problem is we still don't know our lines, and, blab, you still got that black look on your face.' Their material reflected their passionate desire to see sectarian reconciliation, the restriction of social order and the gradual erosion of patriarchy, attitudes, their performances, full of sly humour, were greeted with delight."

Mustapha Matura, co-founder of the black cooperative, leapt at the chance to air some standard, but justifiable, grievances. *Glo* (a West End hit, presented a contemptible black stereotype; it was "obscene," he said; the BBC's 1981 *Othello* should be played by a white actor; whites could play black roles, but not vice versa.

The impression left by him and his colleagues was, however, depressing, with too much rant, and too many overtones of Marxist textbooks. Farrukh Dhondy, the author of the didactic play *The Trains*, said he had moved into black theatre "to

give it the inevitable political direction I think it should take". Note that "inevitable": in the language of today's revolutionaries it means "hoped for". The black working class, said Matura, "want to see their problems expressed on the stage"; he admitted later that the cooperative were "limited in their material". Too true.

The weekend's third example of popular theatre came in deep disguise. Stravinsky fancied his *Soldier's Tale* being taken round villages in a small travelling theatre: Peter Adam's stylish adaptation for BBC2 made the naivety of the story seem definitely "faux". Is this strange hybrid of speech, mime and dance more than a museum piece? The orchestra established a mood of bucolic stillness, but camp performances by Wayne Sleep and Murray Melvin precluded an accurate answer.

In the documentary world, *Crede* (LWT) was confused and thumpingly feminist, but part three of *The Great Depression* (also LWT) offered those with ears to hear a number of uneasy parallels between the policies of our contemporary far left and the original policies of the Nazis.

Robert Robinson's *The Auden Landscape* (BBC2) was quite magnificent. Seldom have 70 minutes passed more swiftly: interviews, photographs, archive and contemporary film were woven expertly together by Robinson's commentary and Benjamin Whitrow's serene readings from the poetry; a curtain was lifted on a new world. The double pun in the title — map of the land, the mind, the physiognomy — was effortlessly sustained; with a household god of Auden's stature the vast gaps in this narrative did not matter.

Michael Church

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## SADLER'S WELLS ROYAL BALLET

## Sainsbury's Season

## SADLER'S WELLS THEATRE

The Royal Opera House is pleased to announce that the season with the Musicians' Union has been resolved and that the season at Sadler's Wells Theatre will run from Tuesday 2 March to Saturday 6 March.

2.3.4. March  
Soliata (Kenneth MacMillan)  
Confessionals (Walter Gore) First performance by SWRB  
La Vivante (Saint-Leon) British premiere  
Quartet (Kenneth MacMillan) World premiere  
Concerto (Kenneth MacMillan)

5.6. March  
La Fille mal gardee  
Even 7.30 pm, Sat mat 2.30 pm  
Box Office: 01-437 1672/3856  
Tickets available for 2.3. and 4 March  
Limited availability for 5 and 6 March  
Sadler's Standby — £3 half an hour before curtain up, subject to availability.



## Why Nyerere's opponents turn to hijacking

Whatever Julius Nyerere's achievement as a forceful exponent of genuine Third World grievances in the international stage, his right to speak up for democracy is certainly negligible. That is not because he has imposed a one-party system on Tanzania. There are many excellent arguments in favour of the one-party states in Africa, where often there is no national consensus and multi-partyism invariably descends into tribal rivalry.

Only seven of the Organization of African Unity's 50 member countries practise some form of pluralism. But although some African one-party states are bloodthirsty tyrannies, in others there is lively public debate in parliament and a combative press.

In Tanzania there is no press to speak of, and the editorials of the only national newspaper, *The Daily News*, are sometimes dictated from State House. The majority of parliament is elected indirectly by state bodies. Candidates for the elected seats are vetted by the ruling party. The country's key



Nyerere's headscarf: 1500 detained without trial

body, the central committee, consists mainly of presidential nominees or appointees of bodies already under presidential influence. At village level, Tanzanians can argue about parochial day-to-day issues, but they cannot question the validity of national policy, which is laid down by Nyerere and a few trusted colleagues.

The president has been careful to keep the wages of labour reasonably high, with the trade union leadership nominated by government. There has been heated debate within the corridors of State House, but key bodies are so tightly packed by Nyerere that the possibility of a palace cabal ousting him looks remote.

Since 1964 the officer cadre of the army has come under the strict supervision of the ruling party. Since the Ugandan campaign to oust Idi Amin in 1979, the size of the army and militia has swollen to more than 63,000 and has become a headache for Nyerere. But there has been no sign of serious plotting, though that would present the most likely manner of Nyerere's downfall.

Oscar Kambona, who resigned as secretary-general of the ruling party in 1967 and then fled to Britain, is a symbolic focus of discontent for some Tanzanians, but has no credible underground organization and is not a realistic alternative. The Preventive Detention Act has been frequently and effectively used by Nyerere against dissidents. Amnesty International counted more than 1,500 Tanzanians (excluding Zanzibaris) detained without

trial in 1977, for "economic" as well as political offences, though the number has since fallen considerably. Kambona still has relations and supporters in Tanzanian prisons, but they do not constitute an alternative government to Nyerere.

There is, indeed, no certainty that Nyerere's removal from the power he has held since independence in 1961 would do Tanzania much good, but nor would it probably do much harm. As master of rhetoric and champion of the causes of the poor world he is second to none. His ideas have inspired many people across the African continent but their implementation at home has been lamentable. Some advances in health and education have been made (though no more so in Tanzania than in many other parts of Africa) and Nyerere's egalitarianism has been consistent, but at a price of reducing Tanzania's productivity and prosperity as a whole. As a national leader, he can be considered only as a failure — a view shared by almost all serious students of African politics.

His puritanical socialism, lacking the glorious African ideal of pre-colonial communalism untainted by the ideologies of the capitalist West or of the Soviet and Chinese East, still earns him praise especially among those who seek non-alignment for the Third World.

His emphasis on rural self-reliance and his refusal to imitate those many African leaders seduced by expensive and expensive industrial prestige projects that brought little comfort to the average peasant in the remote villages has been rightly regarded as a sensible contribution to Third World economic debate.

But his articulacy in expressing the grumbles of the undeveloped world has been more impressive than his record inside Tanzania, which is one of Africa's worst economic fiascos.

For the past five years or so, the catchphrase of ujamaa (familyhood), designed to inculcate Tanzania's rural majority with communal idealism, has been stifled by nationwide disgruntled cries of *magendo* (smuggling and corruption) which has become a national necessity for survival in the face of shortages of essential goods and the near-paralyzing of Tanzania's overblown bureaucratic machinery.

Nyerere's points, in his defence, to the social advances that he has given his 19 million people, well over half of whom live in the villages into which rural people, formerly living in scattered homesteads, have been placed since 1975, and the running water, primary schools, rudimentary medical clinics, and the peasants have overwhelmingly rejected the communal aspects of ujamaa, preferring to cultivate their land and rear their animals on an individual basis, as before.

Whatever system of agriculture is adopted, however, has been rendered unproductive by the nationalization of the land, the transport and distribution sectors of the economy.

The government has laid the blame on drought, flood, the £300m campaign to topple Idi Amin, the soaring price of oil and essential western imports. To combat these disadvantages, Nyerere and his small coterie of close advisers have relied on a more intensive programme of nationalization and a more rigid application of the principles that have already failed to drag Tanzania out of its quagmire.

Xan Smiley

The Budget next week will probably have little or nothing to say about the most antiquated, anomalous, and unpopular of all taxes — local authority rates. Sooner or later this sin of omission will have to be rectified. The Government has published a Green Paper, *Alternatives to Domestic Rates* (Cmd. 8449, December 1981), and has asked for reactions to it by the end of March. Here is my reaction.

When Mrs Thatcher was Shadow Environment Secretary in 1974 she saw that the abolition of domestic rates was a politically popular issue. It thus became a commitment in the Conservative manifesto for the October 1974 election. But the 1979 election manifesto said, "Cutting income tax must take priority for the time being over abolition of the domestic rating system".

It could even be said that the two aims run counter to each other. The Layfield Committee on local government finance reported in May 1976 (Cmd. 6453) that the best way to stop rates rising was to supplement them with a local income tax. If an increase in income tax, whether central or local, is the chosen method of replacing the rates, then rates cannot be abolished without reversing the existing policy of lowering income tax.

Rates have become increasingly unpopular, however, as a result of the central Government's desire to cut local authority expenditure while reducing the proportion of it financed by the Rate Support and other Exchequer grants. Local authority expenditure will have fallen by about 4 per cent a year in real terms between 1975-76 and 1981-82, with the volume of capital spending cut by 60 per cent over these six years.

The postscript to a northern saga is likely to run into another chapter as soon as the winter storms abate in the Arctic seas. Planning is well advanced for further dives to the wreckage of the wartime Russian convoys, which yielded a treasure haul four months ago with the recovery of £44m worth of "Stalin's gold" from HMS Edinburgh.

The Edinburgh, lying in 800ft of water, yielded more than gold, however. It was a test bed for cold-water diving techniques, first tried out on the North Sea oil rigs. The information gained will help those who dive to the wrecks of the Edinburgh's charges, the merchantmen.

The remains of 81 ships rest on the ocean bed along the 1,000-mile route of the Russian convoys, from their departure points in Iceland or north-western Scotland, up the long Norwegian coast and around North Cape. They and 225 members of their crews, with 2,055 Royal Navy men from the escort ships, were the price paid to redeem Churchill's promise to Stalin that Russia would be kept supplied "by all means".

Many of the ships were sunk in no more than 200ft of water, on the shelf between Bear Island and Novaya Zemlya, the "narrows" separating the southern edge of the pack of ice and North Cape, which they were obliged to run to reach Murmansk.

About 300,000 tons of cargo, including valuable non-ferrous metal, ended up on the bed of the Barents Sea, where what the Admiralty described as "some of the worst maritime wrecks conditions in the world" ensured that they stayed, undisturbed, for the next 40 years.

Then Keith Jessop, a former deep-sea diver, followed up a hunch that the knowledge gained from the fight to force the North Sea to yield its oil wealth could be applied in the much colder and unpredictable waters of the sub-Arctic.

Jessop, a close and canny

In spite of this, in the three years between 1978 and 1981 domestic rates increased by 91 per cent, while the retail price index rose by 50 per cent. In real terms, therefore, rates went up by 28 per cent. Since they are part of the RPI, they have thus made inflation worse. Were they to be abolished, the RPI could be cut at a stroke by 3 per cent — as the Green Paper puts out. As it is, domestic rates are expected to go up by another 20 per cent in 1982, or 8 per cent in real terms.

Although the abolition of rates could be an election-winning issue, the Green Paper cast doubt on all of the proposed alternatives. Government spokesmen have committed themselves to doing something about domestic rates within the lifetime of this Parliament, but this now seems more likely to be a reform of the rating system by substituting capital values for the existing rent-related rateable values, than its replacement by something else.

Rates have been widely condemned because they do not rise in line with the national income (they are not buoyant), they are not linked with ability to pay, they bear no relation to local authorities' spending needs, and their incidence is capricious as between different types of household and areas of the country.

Non-domestic rates have also aroused widespread objections from industry and commerce, because they bear no relation to profits.

The UK is way out of line with all industrial countries except the USA. In 1980, property taxes — mostly rates — were 12 per cent of all tax and social security revenue in the UK, compared with 10 per cent in the USA, and an OECD average of 5.4

by Christopher Johnson

### THE BURDEN OF RATES IN THE UK

	Domestic			Non-Domestic			Total
	£m	% increase	% of income	£m	% increase	% of profits	Rates £m
1978	2,400	10.1	2.1	3,500	10.2	22.1	5,900
1979	2,800	16.6	2.1	4,000	15.8	31.2	6,800
1980	3,600	27.6	2.2	4,800	26.2	51.5	8,400
1981	4,600	27.8	2.2	6,100	27.1	50.0	10,700
1982	5,500	20.0	2.2	7,100	16.0	50.0	12,600

① About two-thirds of the non-domestic rates shown are paid by non-North Sea commercial and industrial companies, and it is these which are given as a percentage of gross trading profits.

② Personal disposable income after tax.

③ Estimated or projected.

Sources: OECD Revenue Statistics, Department of the Environment, Retail Price Index, CBI.

per cent. This average has fallen by 3.4 percentage points since 1955, while the UK figure has fallen by only 0.9 per cent.

Rates were static or declining at around 2.2 per cent of personal disposable income during the 1970s. Suddenly, in 1981 and 1982, rates are rising faster just as personal disposable income is slowing down and, in fact, falling in real terms. Domestic rates are thus expected to rise to 2.9 per cent of income in 1982, or 3.5 per cent if water rates are included.

If it is agreed that rates — both domestic and non-domestic — are a bad tax, what is to be put in their place? Domestic rates are expected to yield £5,500m in 1982, non-domestic £7,000m. The £12,500m to be found from elsewhere is more than the whole public sector borrowing requirement, and about 12½ per cent of expected tax revenue.

The main alternatives — only two domestic rates — are favoured by the Green Paper include a local sales tax, a

local income tax, and a poll tax. All these suggestions have serious defects, and the Green Paper fails to tackle the much bigger problem of non-domestic rates. They are based on the dubious premise that local authorities must have their own sources of income in order to have some independence from the central government.

The best candidate for assigned revenues would be income tax. It so happens that in recent years the yield of income tax has been almost identical with the expenditure of local authorities net of non-tax sources of income. Income tax would take the place of the rate support grant and both domestic and non-domestic rates. A direct link would be established between the amount of income tax which people were willing to pay,

and their demand for local authority services.

The central government would have to agree each year with the local authorities on the income tax rate, and on the distribution of the revenues according to need — thus stopping the increasingly complex existing grant formula which attempts to judge resources and needs at the same time.

The central government would have to find £12,500m lost to the public sector by the abolition of rates in order to replace the shortfall in revenues to finance its expenditure caused by the replacement of rates with part of the proceeds of income tax. Clearly the alternative forms of taxation differ according to whether domestic or non-domestic ratepayers are paying.

The simplest way of replacing the £5,500m domestic rate income estimated for 1982 would be to add 5p to income tax, retaining this part of the yield for central government purposes.

Another possibility would be to increase income tax by 3p in the pound to 33p, and at the same time abolish mortgage interest relief, which now costs something over £2,000m. This would in some ways be a neater solution, since it would mean abolishing a subsidy on housing at the same time as a tax on housing — which is one way of looking at domestic rates.

The abolition of non-domestic rates may take longer. It may involve some change in corporation tax, on which another Green Paper (Cmd. 8456, January 1982) has recently been published, giving little support to any of the proposed reforms. But it would not be necessary to raise the full £7,000m estimated for 1982.

First, about 20 per cent of

non-domestic rates, say £1,500m, is paid by nationalized industries, Crown property, hospitals, universities and other bodies financed by the central government. They are therefore "free" transfers — payment within the public sector, and their abolition would reduce the need for government finance.

Second, business rates are an expense against corporation tax and other company taxes. So taking the average effective corporation tax rate at 25 per cent, about £1,500m of the remaining £5,500m of non-domestic rates paid by the private sector would be paid in corporation tax if there were no rates.

The remaining £4,000m would have to be found by some combination of increased local authority charges — say about £1,000m — and reducing official subsidies, such as regional development grants, raising corporation tax rates, and reducing the capital allowances on industrial investment. Or the government could give part of the £4,000m back to industry as tax relief.

Rates as a tax on property should be abolished. The alternatives are broadly, to tax expenditure, social security or income. Expenditure taxes are inflationary and VAT is high enough at 15 per cent. National insurance contributions — and the surcharge on employers — have been rising rapidly, and tend to act as a tax on labour, which is wrong when unemployment is so high. Some additional tax on both personal and corporate incomes is thus required, and may be a price worth paying for the abolition of rates.

The author is Group Economic Adviser, Lloyds Bank.



A bomb drops in the middle of a convoy battling its way to Murmansk with war supplies for Russia in 1942

## After the gold, a crock of copper

Yorkshireman, confesses himself obsessed by wrecks. Even before he went in search of the Edinburgh's gold he had taken out a contract, through the London Salvage Association, whose husband, Captain Reynolds Tate, was master of the Waziristan — the first ship to be lost on the Murmansk run, the Waziristan and the Chalmers.

The Waziristan was known to have been carrying 1,000 tons of copper and as it lay well within the practicable depth for preservation of non-ferrous metal (about 400ft), Jessop decided to treat it as a pilot scheme.

Because he will carry the entire financial risk and because much depends on fluctuations in the non-ferrous metal market, success in the operation which Jessop is about to launch depends on salvaging a number of wrecks in one diving season, which can be very short.

The near 24 hour daylight and relatively calm seas which in the summer months were the bane of the men on the convoys, turning them into helplessly target droves, will have to be used quickly and effectively. That means "working" a bulk to perhaps 50 or 60 per cent of its cargo

and then moving on to the next on the schedule.

The eventual break in the ice barrier of the years has come as a jolt to the families of some of the men who were lost. For Mrs Peggy Wilson, whose husband, Captain Reynolds Tate, was master of the Waziristan — the first ship to be lost on the Murmansk run, the Waziristan and the Chalmers.

Perhaps news of the desperate battles before Moscow played a part, but Captain Tate decided to try a lone run, under cover of the winter darkness. The SS Colden harbor joined him and made

Captain Tate, a gregarious Gendie had sailed as purser of the merchant ship PQ-17 from New York — where he had sung Tyneside songs on the radio — in late 1941. The long passage put too great a strain on other ships' engines and the convoy had to stop in the Iceland for repairs before the 2,000-mile, stormy voyage to Russia.

For the Royal Navy, the Russian convoys were launched in controversy and for some survivors have left a legacy of bitterness.

At the very outset, the Admiralty expressed doubts about pushing convoys through such an exposed route. A memo in the Cabinet Section papers held at the Public Record Office says: "If the enemy succeeds in inflicting losses at a rate which cannot be supported

port. The Waziristan was fired among merchant ships losses in the Cabinet papers for January 1942 as "believed lost by enemy action, cause unknown."

Jessop's search for the Waziristan and its copper led him to the archives of the German Kriegsmarine and the log of U-134, commanded by Kapitänleutnant Rudolf Schendel. At 0600 hours on January 2 Schendel reported sighting a lone steamer, "with its high straight funnel and two slim topmasts looking a typical Englishman". The U-boat stalked it for 45 minutes and twice fired its torpedoes, without effect. His last shot was with three torpedoes. "After 25 seconds there was a hit amidships, a short jet of flame, a mast, high water column, then the steamer buckled, slight amidships and began to sink."

For the Royal Navy, the Russian convoys were launched in controversy and for some survivors have left a legacy of bitterness.

At the very outset, the Admiralty expressed doubts about pushing convoys through such an exposed route. A memo in the Cabinet Section papers held at the Public Record Office says: "If the enemy succeeds in inflicting losses at a rate which cannot be supported

then we should have no alternative but to suspend these convoys until the longer nights."

So it proved. The fate of the seventeenth convoy, which lost 23 of its 34 ships from bombing attacks and U-boats, was the subject of a famous libel case and of a television play last year.

On a high summer day in 1942 the merchantmen received a "convoy is to scatter" order from the Admiralty, as the Tirpitz was thought to be just over the horizon. It was not, and the apportionment of blame for the order has been debated ever since.

A few hours later the merchant flagship, the SS River Afton, was hit by a torpedo. The convoy commander said in his report: "A few minutes later ship was hit again in almost same place, the stern being practically blown off. I went on bridge and dumped my bag of books, also the Master's. Helped drag up badly wounded 2nd engineer who we put on a stretcher on a small raft."

The master, Captain Harold Charlton, who today lives in retirement in Gateshead, was floating in a dinghy when the U-boat surfaced and closed up. The report says: "The captain spoke good English; questioned the men about the ship and cargo; said he was sorry he had to do this and that he could not take anyone on board; gave the men a large sausage and water, telling them to stick 200 miles to Nova Zembla (without any paddles this would have been a difficult job). He then disappeared on the surface."

Not the least of the ironies in the current saga of the northern seas is that the Russian treasury will gain greatly in hard currency as a result of the Edinburgh salvage. The men who braved the Murmansk run received £14 a month plus a £10 war bonus.

John Crossland

## Mrs Thatcher put up for the Carlton

The Prime Minister will unveil a life-size portrait of herself at a reception to mark the 150th anniversary of the Carlton Club next week.

The portrait, painted in oils by Leonard Boden, has been given to the club by a member who remains anonymous.

Boden, best known for his portraits of the Royal Family (the Queen Mother, the Prince of Wales, nine of the Queen and five of Prince Philip) has never painted a political figure. He says Mrs Thatcher could not have been more cooperative. "She was absolutely charming and always looked immaculate."

After several sittings at No. 10, the Prime Minister used to drop into Boden's Kensington studio on Sunday afternoons on the way back from Chequers. The light is better, Boden explains, and his daughter, Daphne, a hairist, could entertain her.

The reception at the club will be attended by senior members of the Cabinet and the chairmen of other London clubs. It is hoped that Lord Home, Harold Macmillan and even Edward Heath may be there.

Hard to swallow  
Sternuous competition for the title of Britain's human ostrich is revealed by a report in the *Journal of the Royal Society of Medicine*. The current champion,

a woman of 43, has had at least 17 operations to remove safety pins, needles, hair grips, more than a dozen dessert spoons, and tea-spoons, metal and plastic.

On one occasion at Charing Cross Hospital surgeons retrieved five spoons marked "Guy's Hospital", and once, when a doctor got too close, the patient swallowed the bell end of his stethoscope. She still has at least five spoons inside her, but doctors are letting her keep them.

A keen challenger, a cook in his mid-twenties, started by swallowing pins but now eats knives. He liked hospital so much that when told, after passing a kitchen knife naturally, that he too would be discharged, he threatened to swallow the hospital bit by bit, and had a bolt from his bed as hors d'oeuvre.

### Pensioner linked

Home rule for Chelsea approaches the place is to have its own civil service. Already the Chelsea Civil Service is referred to in official correspondence from the Ministry of Defence.

It is one of the small successes of Mrs Thatcher's determination to reduce the numbers in the Home Civil Service.

The Chelsea Civil Service is a crown body administered by a board of commissioners under letters patent. Staff are at present regarded as on the MoD civilian strength, but from April 1 the hospital will be funded by a block grant and the commissioners staff. These will be civil servants, but not members of the Home

## THE TIMES DIARY

While the Wine Development Board ducks the issue of whether there should be a standard measure for wine served by the glass, lay opinion in a straw poll organized by the board has come down nine to one in favour.

Sir Guy Fison, the chairman, is keen to avoid the impression that the board is campaigning for legislation, but says it is high

time something was done. He quoted an example of a wine bar charging 75p for a glass containing only 2½ ounces of wine — less than a tenth of a bottle.

Too much legislation, alas, can be as muddling as wine itself. At present it is illegal for restaurants to decant a 70cl bottle of even the finest wine to serve in an open carafe, because carafes must be a quarter, half or three-quarters of a litre, or half a pint or a pint.

Civil Service, because the hospital is not part of the MoD. Like all bureaucracies, the Chelsea Civil Service promises growth. A study into living off the National Army Museum, among others, is already subject to inter-departmental discussions. The museum is at the Royal Hospital Chelsea, so its staff are likely to be the next recruits.

### Dr K's new date

Happily, as PHS predicted, Henry Kissinger's recovery from open heart surgery has proceeded speedily. His visit to Britain to assist in the celebrations of the Foreign Office's bicentenary and to publicize his new volume of memoirs, has been rescheduled for May.

David Watt, director of the Royal Institute for International Affairs, tells me that Kissinger's Chatham House lecture on British and American attitudes to post-

war foreign policy, originally planned for March 11, will now be given on May 10.

The waiting room for the SDP's parliamentary selection panel offers as reading material one holiday magazine, one *Cosmopolitan*, and two copies of House and Garden. The last named, of course, incorporates the title Wine and Food.

### Papering over?

The European Parliament's output of paper uses 80 tonnes a month to produce a pile of bums 28 times the height of Nelson's Column. During one five-day meeting in Strasbourg in October 1980, Euro-MPs used 5,770,880 pages of documents. The total for the month was 12,619,685 pages.

Parliament departments are

currently translating 250,000 pages a year into seven languages and printing more than 100 million pages. The 434 members of the European Parliament receive each document on average five or six times, at their various homes and offices. At this rate the Parliament will have laid waste a forest of 4,800 trees by the next election.

The report from which these facts are drawn is itself 22 pages long.

### Correction slip

Sir Cecil Clothier, the Ombudsman, spends his days sorting out administrative mistakes, so he will appreciate the irony that the advance text of his speech to the Royal Institute of Public Administration last week contained 20 errors and omissions.

They originated in Sir Cecil's own office, and he discovered them only after the text had been circulated. He was able to get two pages of corrigenda distributed before the speech was made.

### Last words

Up, pretty bedtimes and to my office to set down my Journal. Here I do hear as a great secret that soon shall be delivered two books which many have a great desire to have. These five years would be a scandalous thing and would be a reproach of the times we live under.

There are those still bogging about the perfection of the

project, and fearing for their subscriptions all ready paid. Bell the publisher set about the business in 1970, but since then nine first costly volumes, nothing more has been newly imprinted since 1976.

There lack the two concluding volumes, Companion and Index, without which the whole might be a ridiculous and useless work so full of nothing but rough stories I should be ashamed to read it.

Mr Robt. Latham, fellow at Magdalene College, Cambridge, does assure me he is, since the death of William Matthews, late professor in the University of California, accountable for the whole, and gives it all his care. The last words are just written, and the work complete shall be seen at latest by March 23 next year, 350 years since S. Pepys died.

My mind is mightily pleased by this and so, much content, to bed.

We have inflation; they have more efficient shopping. Goskomzina, the Soviet price-fixing commission, announces in the *Moscow Gazette* that prices for most consumer goods are to be rounded upwards. "Customers will appreciate it," it says, "that this rounding-up of prices will make shopping quicker and easier."

### Helping hand

A new scholarship in honour of the dissident Soviet physicist Andrei Sakharov has been created to help emigrés from communist states to study in Britain.

The Sakharov Scholarship is a creation of the Ross McWhirter Foundation, set up in memory of the co-editor of *The Guinness Book of Records*, who was murdered by the IRA.

Norris McWhirter, one of the trustees, says the foundation often receives letters from students and academic emigrés from communist countries seeking financial support.

### Entre nous...

PHS salutes the temerity of Andrew Knight, editor of *The Economist*. When Sir Nicholas Henderson, now British ambassador in Washington, left his Paris posting, Knight scored a scoop by procuring his final and confidential report to the Foreign Office.

Last week Sir Reginald Hibbert's retirement from the Paris post, Knight rang him and suggested that it had become a tradition to let *The Economist* record ambassadorial conclusions.

Sir Reginald rightly refused — but, PHS can say, he did not share Sir Nico's highly developed enthusiasm for the French.

### Quiz answers

1. Ownership of the National Freight Company passed to staff shareholders.  
2. Whitehall miscalculated the number of people who would be unemployed more than a year.  
3. Strophilus, a County Council provide escape ramps for hedgehogs under car parks.  
4. The Prime Minister warned that the fall in the price of oil would diminish the chances of a recessionary budget.

PHS







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## THE POPE AND ISLAM

Speaking to leaders of the Society of Jesus on Saturday, the Pope warned them against the twin temptations of "progressivism and integralism". He meant the tendency to identify the Church's teaching with one or other of two antithetical political doctrines. "Progressivism" is the sin to which the Jesuits have lately been especially prone: it involves proceeding from the identification of Christ with the poor and oppressed (for which there is scriptural warrant) to the identification of the Church with a political struggle to improve the lot of the poor and oppressed by pulling down the mighty from their seats, even when that struggle involves violence and is carried on under the leadership of atheists. "Integralism", with which the Society was associated at an earlier stage in its history, emphasizes the authority of the Church and the necessity of accepting its traditional teaching as a seamless whole, including its identification in many Christian or nominally Christian countries with the political status quo — from which it is a short step to justifying the violence of the oppressor who seeks to defend the status quo against the challenge of the oppressed.

His sensitivity to these dangers makes it ironic, as well as sad that John Paul II did not succeed in making contact with Muslim leaders during his visit to Nigeria earlier last month. For Islam, even more than Christianity, is a battleground between these two heresies — if that is what they are. Islam has its "progressivists" in plenty — those that argue that the message of the Koran is in essence one of social justice, even social revolution; that as

Muhammad overthrew the corrupt oligarchy of Mecca and his successors went on to overturn the great empires of Persia and Byzantium so the true Muslims of today are those who proclaim jihad against corruption, exploitation, oppression and imperialism. But Islam also has its "integralists" and they, for the most part, are now in the ascendant. The political pendulum of Islam and of Christendom are not synchronized, or to put it another way — the geopolitical pendulum casts a different shadow as it swings across the Muslim and Christian worlds. For the imperial powers of the nineteenth and early twentieth centuries were powers that called themselves Christian, while the Muslim world found itself on the receiving end of imperialism. The retreat of those powers has been followed, in the Muslim world, by a revolt against the ideologies they left behind them (liberalism, secular nationalism, Marxism) and a vigorous attempt to reassert the traditional culture of Muslim societies; while in the Christian world the retreat from empire has been accompanied by a vigorous questioning of the traditional order and of Christianity's association with it.

The Pope, as a conservative theologian anxious to restore and preserve the core traditions of the Church, and to free it from entanglement with non-Christian ideologies, clearly feels something in common with this Islamic "integralism", even though he must deplore its more violent and intolerant expressions. The persistence of belief in God, and of belief that God should be at the centre of human society, is an aspect of the Muslim world

which is bound to appeal to him. Yet two things stand in the way of an effective dialogue between him and Islam — apart from the genuine theological differences and the historic baggage of misunderstanding and injustice. One is perhaps a problem only for the Pope, or at least the Roman Catholic church, rather than for Christianity as such: the lack of any corresponding institution to carry on the dialogue on the Muslim side. Sunni Islam — the tradition of the great majority of Muslims — is rather "protestant" in this respect. It lacks a hierarchy, and is liable to speak with as many voices as there are believers.

The other problem, more fundamental, is the political vocation of Islam. Nowhere in the Koran will you find the words, "my kingdom is not of this world", or "render to Caesar that which is Caesar's". The distinction between "Church" and "state", though often found in the practice of Islam, has never been absorbed into its theory. There is no consensus among Muslims about the precise political content of Islam. But there is a consensus that Islam does have a political content and that the duty of the Muslim is not merely to do good and avoid evil, but in the words of the Koran, to "command good and forbid evil". Thus Islam must present itself to the West as a temporal, not only a spiritual, power, while the vocation of Christianity, at least as Pope John Paul understands it, is to bear witness in temporal affairs, uncorrupted by the trappings of power. Today's Church is too modest in its earthly ambitions to be an adequate interlocutor for Islam.

## SPEAK SOFTLY AND CARRY A BIG STICK

The dénouement of the hijacking drama at Stansted yesterday afternoon must be a relief to everyone. It is also a source of legitimate satisfaction for the British authorities, whose approach to this kind of incident has been vindicated. It is axiomatic that the rights and wrongs of the "cause" which terrorists are attempting to promote are irrelevant once they resort to taking civilian hostages, and especially when they do so on the territory of a third party. There may be very good reasons for wanting President Nyerere to resign. Some of them are mentioned in an article on the opposite page. But there can be no good reasons, or at least none that lawful authority can afford to recognize, for seizing a plane-load of Tanzanian citizens and dragging them half way round the world at gunpoint — just as there were no good reasons for seizing the Iranian embassy in London by force in May 1980, even though there were certainly good reasons to protest against Iran's treatment of her Arab minority. Only a sophist

would attempt to justify such actions as acts of war, but they certainly are breaches of the peace and therefore not to be tolerated in any peaceful country. Many countries do, however, succumb to the temptation to pass the buck by allowing a hijacked aircraft to be refuelled and fly on elsewhere. In this case, applying what is apparently a carefully thought-out philosophy, the British authorities courageously refused this and succeeded in convincing the hijackers that it was not possible for them to plane to leave. This should help to convince any future hijacker that Britain is not a "soft" destination. The recipe, now well tried and by no means exclusively British, combines refusal of substantive concessions with great patience in negotiation. A negotiator of junior rank is preferable, since he can say with truth that he has no power to deal with certain requests, but must consult, and so can play for time. Time, though it prolongs the hostages' ordeal, can save their lives as a human bond

develops between them and their captors, as the captors unwittingly become dependent on the police with whom they are negotiating, and as the police gather more information about the character of the terrorists, their numbers, weapons and exact location. Another important point, illustrated in the present case, is to find a mediator in whom the terrorists have confidence. The very rapid effect which Mr Oscar Kambona's intervention had yesterday makes one wonder whether the violent end of the Iranian embassy siege might not have been avoided if the three Arab ambassadors with whom the terrorists were demanding to negotiate had been brought on the scene in good time. The police yesterday had to put up with complaints from journalists, and from some of the hostages' families, about the lack of information on what was going on. But they were vindicated by the results. Clearly the police handling such a delicate task must have discretion about the amount of information they disclose. All in all, a good day for Britain.

## David Wood

### Thin end of the wedge for British PR

Be warned. On Wednesday week the European Parliament in plenary session at Strasbourg will almost certainly overbear the opposition of most British MEPs and carry proposals that the five-yearly European election in 1994 should be conducted on a compulsory system of proportional representation. But, once warned, be of good heart. No change in Britain's first-past-the-post electoral system may be made until a government is prepared to bring a Bill before Parliament and until Westminster gives its blessing and puts it on the statute book. The last Labour government wanted a regional PR system in 1977, and the commons blocked the move. Mrs Thatcher's government has received the message. As even sceptics of PR like me must admit, there is a particular as well as a general case for proportionalism in European direct elections. The Treaty of Rome, which the United Kingdom signed on accession, explicitly says that direct elections in the EEC shall follow a uniform system; and in 1979 only Britain and Greenland were allowed to opt for a single majority system. Moreover, to make sure there was no distorted Ulster representation, Westminster itself spoilt its stand on principle by providing PR for the six counties. Some distortions in

English, Scottish and Welsh representation did occur, although nobody can calculate their size without knowing which of many systems of PR should be used as the criterion. There need be no dispute, though, that Conservatives finished over-represented. The occasion for the European Parliament's decision is a debate and vote on the Seidinger report from the Political Affairs Committee. The report, which Jean Seidinger, a French Christian Democrat as rapporteur, has been a long time in task. Nobody should be surprised by the drift of its majority recommendations, which follow much continental electoral practice. As proposed, each country of the Ten would be carved into electoral regions each returning between three and 15 MEPs. Electors would cast one vote in their regional constituency either for a party or for a candidate on a party list, and total votes cast throughout the country would determine each party's proportion and therefore the number of party candidates elected. There are both general and specific points worth making in the British electoral context. First, there would be no sense in objecting to PR because it would be too complex to administer or too intricate for ordinary electors to understand. What voters in Northern Ireland and the Irish Republic do with ease could be done with ease in Britain. Secondly, there is not much force in the argument, even after Belgium's recent troubles and the Irish election stalemate, that PR is highly conducive to coalition politics. After all, Britain's simple majority system produced weak governments in 1964 and February 1974. Thirdly, the

European Parliament, unlike national parliaments, does not make governments, and everything it does involves a kind of coalition of interests between groups. We must move on to different ground for the principal objections to the Seidinger scheme for European elections, at a time when the SDP-Liberal Alliance promises to make PR and government by a moderated coalition a live domestic political question, and also when Westminster constituency boundaries are being disturbingly remapped. The United Kingdom Westminster election and the European direct election will fall together, or at any rate with no more than a few months' interval. How could any government or any House of Commons stand firm on a principle of simple majority in one election while carrying legislation to introduce a continental system of PR for the other on the grounds of achieving a more perfect or refined democratic result in already large constituencies that would have to be enlarged again? It would be a preposterous self-contradiction. In short, PR for the European election would more than probably prove to be the thin end of the wedge for PR in domestic elections. And not only PR. There would be, if Seidinger were followed, the introduction in the United Kingdom of the profoundly dubious party list system, whereby party managers (as this column has pointed out before) may use headquarters nomination for membership of Parliament as a "perk" for trustees. First past the post may have faults and anomalies, but let nobody think that any known continental system of PR will be without them in practice.

## Stags at bay in Amersham deal

From Mr James Bentley  
Sir, I write as one of the unlucky 180,000 applicants for shares in Amersham International. The appalling way this issue has been handled appears to demonstrate the inability of the Government to translate stated policy into a workable privatisation plan. The ballot for all applications for under 5,000 shares hit those very private investors whom the Tories are trying to encourage to put their money into industry. Even today it is the £2,000-£8,000 bargain which is the backbone of the Stock Exchange. No mention of a possible ballot was made in the prospectus. A system of tax penalties on short-term trading profits is needed. A 75 per cent tax on the first day's roughly 45p premium (allowing the first 10 per cent tax-free) would have yielded over £5m, as 50 per cent of the shares changed hands. The stag would still have gone home with perhaps £50 net from his share, but for two with venison. The question is: can the City be persuaded to change its ways before the vital BNOG (British National Oil Corporation) launch? Yours faithfully, JAMES BENTLEY, 7 Strauss Road, Chiswick, W4, February 27.

## The Harman case

From Mr Peter Archer, QC, MP for Watford (Labour)  
Sir, Your leader (February 13) on the issue raised in *Home Office v Harman* sets out very clearly the area of disagreement. Should an undertaking to refrain from revealing publicly the contents of a document remain sacrosanct even when the litigant and his solicitor are alone excluded from doing so, and anyone else may lawfully reveal them? The plea, in the House of Lords, in the Harman case, is divided. And on Monday, February 22, the Attorney General reminded the House of Commons that the Lord Chancellor had promised during the debate on the Contempt of Court Bill to examine the issue once judgment was given, and confirmed that he is doing so. Clearly, then the question was important, practical, and open to legitimate debate. It was in the public interest that it should be ventilated. Does it not therefore seem harsh that the National Council for Civil Liberties should now be confronted with a bill for costs amounting to some £25,000? We hope that the Home Office will recognize that the public benefit would justify arguing some issues at public expense. Yours faithfully, PETER ARCHER, Chairman, Society of Labour Lawyers, House of Commons, February 24.

## Jury challenges

From Mr J. J. Walker-Smith  
Sir, Contrary to his Honour Gilbert Leslie's view (February 27) many counsel when defending prefer to have intelligent jurors. When the defendant is obscure, or where the defendant is alleging improper conduct by the police, many defence counsel (including myself) prefer a young and intelligent jury and will challenge prospective jurors accordingly. Apart from the views of counsel there are also the views of the defendant. Is it not understandable that a young black from south London accused of murder might have greater confidence in a jury on which there is a significant number of young blacks? After all, they are his peers. And are they any less likely to return a true verdict because they are judging one of their peers? Yours faithfully, JONAH WALKER-SMITH, 1 Dr Johnson's Buildings, EC4, February 27.

## Badge of faith

From the Reverend D. A. S.  
Sir, I suspect that the majority of Anglicans and a number of Free Churchmen would not share the Reverend David Stuart-Smith's doubts (February 23) about the theme for the Papal visit. Moreover, it is less arguable that the cause of true ecumenism is not best served by pretending that the churches have no differences: rather by facing up to and examining these differences. Part of the debate would be to examine coolly and in the light of history confessions of faith (such as the 39 Articles) that were produced in the heat of religious controversy. The Pope's visit to this country is intended to be primarily pastoral, and by concentrating on the sacraments the visit will highlight the Church's care for people. Whether the words "sacraments" in these areas are called "sacraments" or by some other name, each of the churches has a concern to meet people's needs for reconciliation, for healing, for the strengthening of married life, for admission to mature membership of the Church, and in most cases also has a need for an ordained ministry. Surely, therefore, to lay the stress of this visit on these areas of Christian concern is more appropriate in many ways than a purely "theological" stress would be. Yours faithfully, D. A. S. HERBERT, St George's Vicarage, Bickley Park Road, Bromley, Kent, February 23.

## EEC agriculture policy in practice

From Mr Norman Buchan, MP for West Kent (Labour)  
Sir, Mr Richard Cottrell (February 24) makes a lengthy plea for free trade in the market place, and Mr Thorpe, the President of the Commission, advocates the preservation of "the Community's most precious asset — the single market". He condemns restrictions of various kinds. Yet he does not question the plethora of rules and regulations which emanate from Brussels, nor the obvious contradiction which apparently requires the existence of such regulations in order to achieve a "free market", at least in agriculture. A free market is, surely, by definition, one in which regulations do not exist. Some might welcome the resultant anarchy, but they are few in number, and Mr Cottrell is not apparently among them; otherwise he would not be such a fervent advocate of the Common Market. The real point at issue is not whether there should be regulations of trade or anything else, but for whose benefit they exist. The various regulations which go to make up the common agricultural policy have, for example, increasingly failed even to preserve the incomes of farmers, one of the major objectives of the policy and one to be deliberately financed at the expense of the consumer. So much so that even the French are being driven into providing direct help to their own farmers. Vehement as the condemnations of their action may be, the indignation is directed at the wrong target. It should be directed at the common agricultural policy itself, which has produced a situation which is now not even to the benefit of the very country's farmers who were supposed to be its main beneficiaries. And if the reply comes that the fault lies not in the idea of having a CAP, but in the particular way in which it is structured and that the answer is to reform it, I would reply in turn that such reform is not possible because there are too many entrenched and opposing interests to make it possible; but, more fundamentally, the very principle of the

CAP, the support of agriculture through price support with the resultant high prices for consumers and distortion of "the production of food, is insupportable in principle. It is because of this that the Labour Party favours a return to a system which is beneficial to producer and consumer alike, an improved efficiency of payment system, and if this can only be done outside the Common Market, then so be it. Mr Cottrell further claims that "there is no evidence whatsoever to suggest that protected or insulated industries survive and flourish". Thus with one sweep of the pen does he dismiss the experience of postwar Japan or for the effect of an undervalued currency is similar, that of West Germany. No one in the Labour Party is suggesting the feather-bedding of inefficient industry; any selective import controls would have to be linked to investment and reorganisation programmes. But if there is to be truly free and fair competition in the market place the parties involved must start from some position of equality. Not only did that condition not exist in the case of much of our manufacturing industry before our entry into the Common Market, our very membership has made the gap in competitiveness worse. The Common Market has, in sum, by producing just such a "free for all" in manufacturing as Mr Cottrell wants, only served to exacerbate our basic weaknesses and a highly regulated agricultural market which is in conception and, despite its obvious failures, incapable of being reformed. The Labour Party's policies, far from being "assessably wrong", are coherent and sensible in advocating such necessary measures as would be needed, on the one hand to ensure a competitive and productive manufacturing base, and on the other the means of producing food in the right quantities and at reasonable prices for the consumer while ensuring the producers a reasonable income. Yours sincerely, NORMAN BUCHAN, House of Commons, February 26.

## Wood and trees

From the Director General of the Forestry Commission  
Sir, Your article on the Forestry Commission (February 22) will be regarded by those involved in the industry as more of a caricature than a profile. Leaving aside factual errors such as the overvaluing of Forestry Commission assets by a factor of about 1,000, I should like to comment on just three of the more serious points. There is no doubt whatever in our minds about why we are growing trees or about what to do with the timber crop. Put at its simplest, we need the trees to produce a significant proportion of the timber which this country consumes, and which we export each year and at ever increasing cost to the balance of payments. We are equally in no doubt that the quality of the timber we are producing will find a ready and profitable market. The wood processing industry, in common with many others, has been going through very hard times. This is particularly true of the pulp and paper industry, though during the same period there have been major new investments in processing plants by a major pulp mill as well as a particle board mill and also two

of the country's biggest sawmills. To assume, in the middle of a serious economic recession, that there is no future for wood processing in Britain would be extremely short-sighted. Neither Government nor foresters share that pessimistic view. It is not for us in the Forestry Commission to judge ourselves, but the assertion that all interested groups are united in a total condemnation of the Commission is so contrary to the evidence that I attribute it to the editors' mind rather than to the groups. Over a period of some six months last year, Parliament devoted about 75 hours of debate to forestry in general and the Commission in particular. Our policies, our methods, our administration and our objectives were subjected to the most detailed examination, a testing experience for any Government agency, throughout which we were encouraged by hearing members from all sides of the aisle to speak in support and often in praise of the Commission and its work. Yours faithfully, G. D. HOLMES, Forestry Commission, 21 Cornhill, London, EC4, February 24.

## The Tawney tradition

From Mr E. A. Radice  
Sir, Mr C. H. Rolph (February 22) is surely right about Professor R. H. Tawney's views on education. In October, 1951, Professor Tawney and his wife stayed with me in Denmark for about a week while he was giving a course of lectures at Copenhagen University. In one of our many conversations he said to me: "How are you proposing to educate your son?" (then aged four). I said that I hoped he might go into college at Winchester, as I had, to which Tawney replied: "He could not do better than that." Tawney was the least doctrinaire of men, and, in education, concerned above all with keeping up the highest standards. Yours faithfully, E. A. RADICE, 2 Talbot Road, Oxford, February 22.

## Canada's Constitution

From Sir Anthony Kershaw MP for Stroud (Conservative)  
Sir, Derek Walker-Smith (February 25) fears that if the Canadian request is found in any respect wrong, law after the Constitution has been patriated to Canada, the British Parliament will be found to have committed an illegal act. Not so. By the law expressed by the Statute of Westminster, 1931, the British Parliament is able to amend or alter the conventions always observed on amendment of the Canadian Constitution by the British Parliament, the obligation upon us is to see that the Canadian request is a "proper" request, that is to say, that it is made to us by the Canadian Government and Parliament and that it is supported by the clearly expressed wishes of the Canadian people, bearing in mind the federal nature of the community. More we cannot do. There can be room for discussion whether the refusal of only one province, Quebec, is sufficient to give Quebec and Quebec only a veto

seems to the House of Commons Select Committee on Foreign Affairs to be politically unreasonable nor could we find any legal basis for such a veto. If the Canadians find anything wrong with their Constitution they will amend it themselves. The British House of Commons is in no way bound by any decision of any Canadian court, and yet we are to pretend that we are not sensible. It is also a convention that when a request is received from Canada it shall be dealt with, with all reasonable speed. If we were to decide to wait the end of any legal process, we would be in breach of that convention, and we would also be opening the gate to frivolous and vexatious litigation. I am Sir, your obedient servant, ANTHONY KERSHAW, House of Commons, February 25.

## Rucks and mauls

From Mr D. Forbes Macintosh  
Sir, Last Saturday (February 20), in two international matches, a total of 75 points was scored. Of these 15 came from tries, eight from "conversions", six from dropped goals and no fewer than 45 from penalty kicks. (There were also at least five unsuccessful penalty kicks as goals). Almost all of the 15 penalties were awarded for infringements at the line-out, or for "going over the ball" in rucks and mauls. In the day of "loose scrums" there were fewer stoppages. Forwards, as they came up to the scene of a scrum, got down, bound, showed and heeled to the "expectant scrum half". It was not a sin, but a virtue, to "go over the ball" for a loose scrum was a scrum, not a scene reminiscent of a waterhole in the Serengeti plains. One might not think that the new laws governing rucks and mauls were made for more, but fewer, stoppages. Yours faithfully, D. FORBES MACINTOSH, Reading Green College, Broadwell, Lechlade, Gloucestershire, February 23.

## Unhappiness among the clergy

From the Reverend D. J. Dales  
Sir, Your Religious Affairs Correspondent, in his report (February 22) on the unhappiness of many clergy and their families which was expressed in the debate of the General Synod, omits one ever-present cause of this unhappiness. It is the failure of the Church to provide an adequate stipend to support a man and his family in the parochial ministry. In the past, the problem was often masked by the existence of individual private means. Now, it is equally masked by the contribution which working wives make, effectively subsidizing the life and work of a parish priest and his family. This leaves the clergyman with a young family, and the clergyman approaching retirement, and seeking housing with no other means, in a well-nigh impossible position. The psychological and spiritual effect of this neglect upon the wives and children of clergy in particular is often damaging and demoralising, not least because it denies at the very centre of church life, the charity and justice upon which Christian ministry should be based. Yours sincerely, DOUGLAS DALES, 44 Northwood, Cambridgehire, February 22.

From the Reverend Canon J. G. Bates  
Sir, Your correspondent, Clifford Longley, suggests in today's *Times* that the morale of the clergy of the Church of England depends upon the way "they prepare clergy for life". Surely the decline in morale of the clergy is due to Synod itself and the church leaders. They are so busy trying to run the Church on a "business" that they overlook the fact that their resources are overtaxed, as well as being wrongly, wastefully and inefficiently used. In a vain endeavour to do too much with too little the clergy are asked to do the impossible. Worse still is the undervaluing of the work of the parochial clergy. No longer are they regarded as parish priests with all that implies, but simply as parish business executives responsible to diocesan authorities. Our leaders are worldly-wise in bureaucratic administration and are rapidly creating an agnostic Church. Yours etc., J. G. BATES, The Rectory, Walsingham, County Durham, February 22.

## No-claim bonus practice

From Mr Michael Bishop  
Sir, Recently in France a suitcase was stolen from my car. Having no special insurance for such a loss, I was pleased to find that my comprehensive motor policy covered me for loss of luggage up to a limit of £50. However, when I discussed a claim with the insurance broker I was told that my no-claim bonus would be "affected". I had, I must confess, always thought that the loss of no-claim bonus was really to penalize the guilty party in an accident. It seems that it can also be used to claw back anything paid out on a claim that has nothing to do with driving. Yours etc., MICHAEL BISHOP, Down Hedges, Rusecombe, Stroud, Gloucestershire, February 23.

## Legal precedence

From Professor G. J. Hand  
Sir, It is one feels almost inevitable that Sir Robert Megarry (February 23) should bring forward a winner in judicial longevity in the person of Sir Salisbury. Lord May, however, point to a respectable precedent in a neighbouring jurisdiction. Thomas Langlois Lafroy, who had been promoted at the age of 76 from a puisne of the Exchequer to be Chief Justice of the Irish Queen's Bench, eventually retired in his ninety-first year in 1868. (He in fact lived a further three years). It is said that he had remained in office in order to do what he could to ensure his successor was a Tory and not a Whig; but it is his credit that he is supposed never to have been absent from his work in a quarter of a century, in all on the Bench. Yours faithfully, GEOFFREY HAND, The University of Birmingham, Faculty of Law, Chancellor's Court, Birmingham, The University of Birmingham, PO Box 363, Birmingham, February 23.

## Not for publication?

From Mr Richard Adams  
Sir, A few years ago I received a letter from my Danish publisher, suggesting a visit to Copenhagen for promotional publicity. The suggestion was a quibble, but the letter was signed "Bogens" (no apostrophe). According to the Danish Academy, I replied, "Dear Mr Bogens". I have not yet lived this one down in Copenhagen, for I had addressed Jarl Borgen — my "great friend" — as "Dear Mr. Bogens House". Yours faithfully, RICHARD ADAMS, Knabshøj House, Læsby, Denmark, February 27.



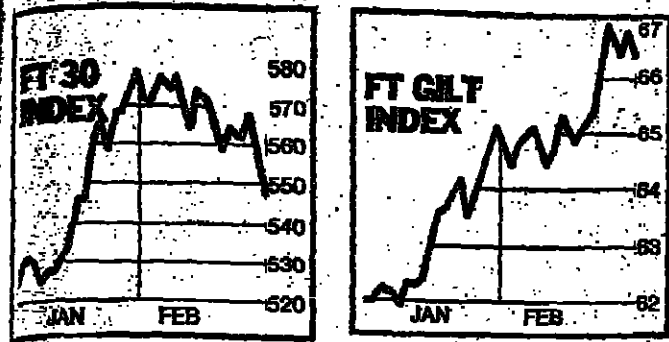




## BUSINESS NEWS

سكنا من الاصل

## Unsettled trend



The stock market ended the week on an unsettled note with falls embracing most sectors. With hopes dashed of a halving Budget, prices drifted steadily down on small rallies, in the absence of investment interest. After rallying, gilts closed with falls to half a point as the pound weakened. There were marked falls in some leading equities, and oil retreated again on oil glut fears. Sterling could come under further pressure if a renewed fall in world oil demand, predicted by the International Energy Agency, proves correct.

## US steel imports rise

The United States imported 1.97 million tonnes of steel mill products in January, 53 per cent more than in the same month last year and the highest level for any January, according to the American Iron and Steel Institute. Imports accounted for 26 per cent of the apparent supply, the highest level of market penetration on record for any month and, according to Mr William De Lancey, institute chairman, representing "a further step-up in the pressure of dumped and subsidized imports on the American steel market."

## Dunlop pact with China

Dunlop has signed a protocol with the Guawehou Rubber Bureau of China which provides for "exclusive and long-term cooperation between the two parties". The main purpose is to provide assistance with the modernization of the bureau's manufacturing facilities for the production of high-quality rubber products, according to a Dunlop spokesman. A delegation from the bureau, one of the biggest producers of a wide range of rubber products in China, has just completed a tour of Dunlop manufacturing facilities in the United Kingdom and overseas.

## Jobs agency branches close

Reed Executive, the employment agency group, is closing six of its 105 branches in London and the south-east until the economy improves. The closures will not involve any job losses, according to Mr Alec Reed, the group chairman and managing director. A further eight branches are being transferred into the group's existing specialist employment and travel agencies. "We are short of applicants for jobs, and are only filling one job in seven. Although the number of jobs has fallen, applicants have fallen even more," Mr Reed added.

## Building research

A permanent committee is to be established to advise the building and civil engineering industries on the financing and direction of future research, the National Economic Development Council has announced. The new committee is the result of an initiative by Mr Michael Heseltine, the Environment Secretary, last year and the subsequent recommendations of a working party headed by Sir Peter French, of Y. J. Lovell.

## New registry of business names

A national registry of business names is being launched today by the London Chamber of Commerce and Industry in an attempt to replace the government system which ended last week after 66 years. The LCCI Business Registry will offer a computer check of company names and trade marks to avoid any litigation risk. In addition, a certificate of registration giving legally required details of each business will be issued. Registration fees will be £10 for existing businesses and £15 for a new business.

● A credit card called Advance is introduced today by BL to help customers to pay for servicing costs and repairs. BL is also introducing Supercover Plus, a low-cost protection plan to cover cars in their second and third years.

● Kier International, a French Kier subsidiary, has been awarded two overseas contracts, the first for a £5.3m commercial centre in Trinidad and the second for a £4.7m airport works at Gaborone in Botswana.

## CBI sees no sign of upturn as Budget nears

By John Whitmore and Rupert Morris

There is little cheer for Sir Geoffrey Howe in the latest Confederation of British Industry monthly trends survey with just over a week to go before he presents his Budget and with the continuing fall in oil prices restricting his room for manoeuvre.

The survey says that manufacturing industry has yet to see any sign of the long-awaited upturn. A slight increase in orders could be seen as the only hopeful sign on an otherwise flat industrial landscape. A survey of 1,663 companies carried out in the first half of February shows 62 per cent expecting no change in output in the next four months, with 21 per cent expecting a rise and 18 per cent a fall. These responses show no significant difference from the quarterly trends survey published a month ago.

Stocks remain high, with 56 per cent of companies reporting adequate stock levels, 29 per cent saying they are overstocked, and only 5 per cent saying they are understocked.

Order books remain weak, with 57 per cent of companies reporting orders below normal. This is, however, an improvement on the quarterly survey where 65 per cent said order books were below normal.

Export orders, too, showed some slight improvement, with 50 per cent of respondents reporting below normal order books, compared with 65 per cent below normal a month ago.

The CBI does not regard these as significant improvements, and says reports from the regions do not indicate any noticeable upturn in demand or activity.

Prospects for the second half of the year are seen as brighter, with stronger order books in the food, drink and tobacco industries, and intermediate and chemicals companies showing greatest optimism.

The amount of help the Chancellor will be able to give industry is probably being steadily whittled away by the falling oil price. With ENOC likely to cut the North Sea oil price by \$3-\$4 a barrel soon, the cost to the Exchequer could well be in the region of £750m in terms of lost revenue, though impact on the public sector borrowing requirement might be rather less.

Even so, stockbrokers James Capel, who put the possible revenue loss rather higher unless sterling falls, estimate that the Chancellor could finish up with very little to give away (over and above basic indexation of taxes) if he is to meet the PSBR target of about £9,500m implied by the Medium Term Financial Strategy.

In their latest economic forecasts, both Phillips & Drew and Simon & Coates see the Chancellor having room for some modest tax cuts, though they differ in their views of the likely budget framework.

Business Editor, page 13

## TUC calls for £25 weekly jobs subsidy

By Edward Townsend, Industrial Correspondent

Trade union leaders will urge employers and government ministers this week to develop a new regional industrial policy for Britain, with major employment and capital subsidies as its central feature.

The TUC's views on regional policy, contained in a long discussion document, will be put to the tripartite National Economic Development Council at its meeting on Wednesday. It is due to be chaired by Sir Geoffrey Howe, the Chancellor.

The unions are understood to be advocating a new labour subsidy to replace the old regional employment premium. It would be based over one year on a subsidy of 20 per cent of average earnings — worth about £25 a week — and would cost about £650m over 12 months.

The TUC suggestions, which are unlikely to find favour among ministers, also involve widening the scope of capital and labour subsidies to the service and commercial sectors as well as industry.

It is believed the TUC document calls for the establishment of regional industrial planning boards and that the process should have a greater local focus. In particular, the unions see the need for pension funds to become involved in regional planning at local level to act as a link with national institutions like the proposed national investment bank. The TUC believes that regional planning has become a forgotten subject in recent years but with the growth of unemployment needs a new impetus.

The document follows the publication of the Government's TUC's Programme for Recovery which demanded an 83,300m reduction of the



Len Murray, of the TUC, which wants a new labour subsidy

creation of 677,000 jobs was one of the major planks of the TUC's Budget proposals. The subsidies being suggested this week, union leaders say, could create 200,000 jobs one year and up to 167,000 permanent jobs in the longer term.

The length and detail of the latest document underlines the importance that the TUC still attaches to the economic recovery. Last week's TUC employment policy committee decided not to withdraw from the council despite a left-wing move to boycott tripartite talks in protest at the government's Employment Bill.

Also on the agenda for this week's meeting of the council is a report from Mr Nigel Lawson, Secretary for Energy, on the electricity supply industry's bulk supply tariff. The Electricity Council's recent review of the tariff system fell far short of the concessions being demanded by heavy industry.



Top pay for top men: Tiny Rowlands, of Lonrho, Gerald Ronson, of Heron, Richard Giordano, of BOC

## Boardroom pay goes up 14 pc

By Our Financial Staff

Directors did appreciably better than their employees with average increases of 14 per cent in the 12 months to September 1981 compared with a rise in average earnings of only 9.3 per cent.

A study sponsored by the Charterhouse Group shows that more than a quarter of companies increased their directors' pay by 21 per cent or more during those 12 months.

Not all the fat cats were getting fatter, however. A quarter of top directors got pay increases of under five per cent, while out of the 1,000-plus companies surveyed 27 showed no increase and 167 showed a decrease as falling profits led to reduced bonuses.

The survey, compiled mainly from annual reports and accounts of publicly quoted companies, shows that 80 per cent of companies have their top directors on contracts of at least 12 months.

Some companies pay top

Average earnings of top executives

Earnings turnover (Range £1m — £5m)

Part-time chairman £7,828

Chairman £21,452

Highest paid director £18,430

Other directors £17,052

Earnings turnover (Range £22m — £32m)

Part-time chairman £7,824

Chairman £33,857

Highest paid director £71,081

Other directors £24,244

Earnings turnover (Range £36m — £462m)

Part-time chairman £47,097

Chairman £80,040

Highest paid director £71,081

Other directors £44,950

directors' pay up by 17.02 per cent the highest average increase while in the manufacture of consumer goods, average increases were the lowest at 11.54 per cent.

The scope of director's benefits has also been increasing, with the number of profit-sharing schemes up from 5 per cent of companies the previous year to 10 per cent.

Pension contributions remain a significant element of boardroom remuneration, with the typical level being about 20 per cent of salary plus bonus.

Britain's highest-paid director in 1981, by a long way, was Mr Richard Giordano, chief executive of BOC International, with a salary of £477,100.

Lonrho, Shell, the Heron Corporation and AEC all paid their top men £200,000 a year more than twice as the full-time chairman or managing director of a small company.

Among industry groups, leisure and services saw

directors a higher salary than their chairman, and a big company is prepared to pay a part-time chairman £47,097 more than twice as the full-time chairman or managing director of a small company.

Among industry groups, leisure and services saw

## Engineering recovery 'short-lived'

By Our Industrial Staff

Britain's badly mauled mechanical engineering industry, which has cut more than 250,000 jobs in the last seven years, has been warned to expect another market downturn as early as 1984.

Forecasts published today indicate that while a sales rise of 4 per cent should be evident by next summer and that the trough of the present recession has been passed, the meagre recovery could be short-lived.

The industry's short-term report issued by Engineering Employers Federation, says: "We see no evidence that the declining trend of United Kingdom mechanical engineering output in the 1970s has ceased."

The forecast of a mild boost to business in the next 18 months assumes that manufacturing production will rise by 4.5 per cent between 1981 and 1983. But the report stresses that output would need to grow by 16 per cent to reach pre-recession levels.

The major sectors in which output in 1983 is expected to be close to or above pre-recession levels are instrument and electronic engineering, food drink and tobacco, chemicals and allied industries and aerospace equipment.

Manufacturing investment, which has fallen by a quarter since the onset of the recession, should recover substantially in the next 18 months, the report says.

The trends survey, compiled by a working party of leading industrialists, trade unionists, government officials and economists, comes just a week before the Budget and will be seen in industry circles as reinforcing the Confederation of British Industry's call for some modest relaxation to help reduce business costs and increase Britain's international competitiveness.

On the export front, the trends report suggests that sales of engineering equipment will remain flat throughout 1983, with export prices continuing to be much higher than those of West Germany or Japan.

## Cabinet to consider cash-limit breach

By Melvyn Westlake

The Cabinet will decide soon after the Budget whether to allow a major breach in its cash-limit control of public spending by permitting government departments to carry over unspent allowances from year to year.

The Treasury is deeply suspicious of such proposals, but Mr Leon Brittan, its Chief Secretary, has agreed, under pressure on the cabinet defence committee, to review the question with officials from the Ministry of Defence.

Last summer the Treasury rejected greater flexibility for cash limits but the Prime Minister now appears to have been persuaded by the Ministry of Defence.

The MoD wants to carry forward from one year to the next any money unspent within its cash limits. At the moment, any overspending is deducted from its budget for the following year. If it unspends, the money is kept by the Exchequer.

The idea again receiving attention is that all government departments should be allowed to carry forward up to 5 per cent of capital or equivalent expenditure.

This could cost the Treasury

up to £500m a year, although it is unlikely that all departments will want to spend simultaneously. The last time the scheme was considered, the Treasury concluded that it would be wise to provide for a potential cost of £250m. About half of all the potential cost applies to procurement spending by the Ministry of Defence, which is not officially classified as capital spending but is similar.

Both the public accounts and defence select committees have shown interest in a controlled experiment in cash-limit flexibility. But the Treasury made it clear last June that it did not consider this consistent with the Government's policy that cash limits were a firm control on spending.

It would mean permitting a department to over-spend its cash limits if it had underspent the year before.

The Ministry of Defence is expected to stay within its revised cash budget for this financial year, ending next month. But in the last three years it overshot its cash limits even after they had been revised upwards — revisions rarely permitted for other departments.

## Tin council urged to halt price fall

From M. K. Pillai, Kuala Lumpur, Feb 28

Malaysian tin producers, alarmed at falling tin prices in London and Penang, now want the International Tin Council buffer stock manager to intervene and steady prices.

Their concern follows the single sharpest fall in the markets history in Penang on Friday when the price crashed from £7,900 a tonne to £7,017 to force the buffer stock manager into the market.

Mr Abdul Rahim Aki, chairman of the States of

Malay Chamber of Mines, said over the weekend that the buffer stock manager has enough funds to buy at least 30,000 tonnes.

The buffer stock operations would play a leading role in maintaining tin prices at a steady level, now that the attempts by the mystery buyer to maintain high tin prices has suffered a setback, according to dealers here.

Mr Rahim Aki indirectly said that large deliveries of tin — some of brands which were not even heard of —

## Champagne cigarette faces court challenge

From Michael Parrott, Paris, Feb 28

An attempt by state-owned cigarette manufacturers in five countries to challenge the domination of the light tobaccos (blondes) industry by multinationals has run into trouble. Champagne growers and France's wine growers' protection agency are taking action to stop France's state-owned Seita and its counterparts in Japan, Austria, Italy and Portugal selling a flavoured cigarette under the brand name Champagne.

Although, besides the drink, one has been able to buy other products with the Champagne label, such as champagne perfume and champagne mustard, the idea of being identified with cigarettes does not appeal to the champagne producers.

"The identification of champagne with cigarettes would damage our image", says Mr Joseph Darjean, who until recently was responsible for legal questions at a champagne trade association. "Imagine reference being made to Champagne tag ends or somebody asking for the pack of the Seita that did not look like a bottle, changed the colour from gold to beige and dropped the phrase, 'best Virginia growth'."

Claiming that Champagne is a prestige cigarette, Seita cannot understand why the champagne producers are so upset. But for the champagne industry, which claims that it had been assured that the name Champagne would be dropped, this is the extent of a long battle to preserve the good name of bubbly. In 1962 it obtained a court ruling in London which prevented a Spanish company from selling its sparkling wine as champagne.

The court ruled that the company was misleading the public and that champagne was a drink produced in Champagne country. Since then the exclusivity of champagne has been recognized in Europe, Japan and most Commonwealth countries but there have been difficulties in Canada, Australia and some Latin American countries. In the United States any sparkling wine can be sold as champagne.

The latest court action comes at a time when Seita is trying to fend off the growing imports of light tobacco and cigarettes into France. Whereas five years ago light tobacco cigarettes accounted for only 13 per cent of the French market, last year they accounted for more than 33 per cent of the 85 million cigarettes sold. Seita accounted for only 15 per cent of the sales.

## THE WEEK AHEAD

## Unilever on target for £715m

Unilever, the Anglo-Dutch food detergent giant, has ridden the recession well during the past year, benefitting from its wide geographical spread.

This should be reflected in the final results, with fourth quarter figures tomorrow expected to show profits for the year to December up from £572m to £715m-£720m pre tax.

Profits in the first three quarters were up from £438m to £543m, with further below the line exchange rate gains which would have boosted this figure by an estimated £47m. Sales were 1.5 per cent up in the third quarter, but this was below the previous quarter's advance, and it is possible that a slowdown in consumer demand may have begun.

Major productivity improvements have been made in Europe through rationalisation and reorganisation but although this will provide further profit growth in the current year, most consumer divisions are likely to show only modest improvements in the fourth quarter.

The group's oil milling operations will remain well featured but there are likely to be improvements in the animal feed and possibly in chemicals.

Margarine volumes have remained especially strong in the United Kingdom, with the Krone and Flora brands performing well, and this will offset the overcapacity problems in oil milling.

Prospects for the group in the current year look good with the European divisions, which contribute some 60 per cent of group profits, likely to benefit from a recovery in demand.

Elsewhere there should be strong growth from African interests, while in the United States there could be a return to profitability for the recently reorganized Lever Bros.

Tomorrow's results should be accompanied by an increase in dividend, to bring total distributions for the year to around 36p against last year's 32.7p. Bad weather has hit the composite insurance sector, and this will be reflected in today's final results. Royal Indemnity, where brokers estimate profits will have slipped from £112m to £110m.

In addition to the effects of recent flooding the company's large exposure in the United States and Canada is likely to add to the poor results.

Gareth David

## ECONOMIC VIEW

The United Kingdom official reserves for February are due tomorrow and are expected to show little underlying change. In January the underlying rise was \$62m (£34m). Last month sterling held steady in terms of the effective exchange index and there was no significant intervention by the authorities.

## DIARY

Today: Sir Derek Ezra, chairman of the National Coal Board, at Coal Industry Society lunch. Confederation of British Industry monthly press inquiry (February).

Tomorrow: Second International Production Engineering and Productivity Exhibition, Olympia (until March 6). United Kingdom official reserves (February); capital issues and redemption (February).

Wednesday: Conference on Cyprus business prospects at London Chamber of Commerce. Advance energy statistics (January).

Thursday: Confederation of British Industry conference in Birmingham on restoring prosperity to west Midlands.

Friday: Housing starts and completions (January); house, mortgages (fourth quarter); hire, purchases and other instalment credit business (January); computer liquidity survey fourth quarter.

## LONDON EXCHANGE

FT index 547.3, down 4.5  
FT gilts 66.39, down 0.47  
FT all-share 316.89, down 3.02  
Bargains 21.885  
(Friday's close)

## BOARD MEETINGS

Board meetings—Today: Interim: Globe & Phoenix; Gold Mining; Aine Engineering Industries. Finals: Barclays Bank; Blagden; Noakes; Fisons; Royal Insurance.

Tomorrow: Interim: Alwood Garages; Diploma; Elders. Finals: Heywood Williams; Home Charm; Mercantile Investment Trust; Mount Charlotte Investments; Provident Financial; Unilever NV; Unilever plc; "W" Ribbons.

Wednesday: Interim: Campari International; Consolidated Gold Fields; Metamec; Jenture. Finals: Fledgling Investments; General Accident Fire and Life Assurance; Accident Abroad Group; Ultramar.

Thursday: Interim: Medinist; Mitchell Coats. Finals: Antolagasia Railway; Law Debenture Corporation; Macallan-Glenlivet; Ransomes Sims and Jefferies; Rea Bros.; Rentokil Group; W N Sharpe; Taverne Rutledge; Weeks Petroleum.

Friday: Interim: Courtney Pope Holdings; R P Martin; Westminster and Country Properties. Finals: Alliance Trust; Greenfields Leisure.

## Key role forecast for research centre

## A health care tonic for Scotland

By Bill Johnstone, Electronics Correspondent

The Scottish Development Agency is completing plans which if successful will make its planned £6m research park in Glasgow one of the most important centres in Europe for the health care industry.

The industry which is estimated to be worth more than £50,000m a year has been highlighted by United States management consultants Arthur D. Little as one which Scotland should exploit.

This conclusion appeared in a report recently completed for the SDA by the United States management consultants. The agency has formed a healthcare industry unit to sell Scotland as a possible site for the growth industry.

Healthcare is on a par with the electronics industry for growth in Scotland. More than 7,000 people are employed in the industry making

everything from pharmaceuticals to medical electronics equipment. Last year the industry generated £165m of which 66 per cent was exported.

The report which took nine months to prepare also concluded that the industry would grow in real terms by 5-11 per cent a year between this year and 1985.

The SDA expects that Scotland will be ideally situated to attract investment from those companies interested in exporting to Europe, whose annual purchases of health care equipment now exceeds £16,000m.

Although only 500 new jobs will be generated over the next three years it is expected to be catalytic in attracting this type of industry to Glasgow which has one of the worst employment levels in the United Kingdom.

Work on the site which will provide over the next three years about 180,000 sq ft of research and development facilities will begin next month. The agency is encouraged by the response it has had in recent weeks although all inquiries have come from British-based companies.

The first venture is expected to be Monotect, a recently-formed biotechnology company owned by Coats Paton, the textile company formed to exploit the synthetic production of human antibodies. These antibodies artificially produced are used to fight disease like those created naturally in the body.

## NOTICE OF REDEMPTION

To the Holders of

## W. R. Grace Overseas Development Corporation

5% Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of April 1, 1966 providing for the above Debentures, said Debentures aggregating \$750,000 principal amount have been selected for redemption on April 1, 1982 through operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, as follows:

Outstanding Debentures of \$1,000 each of prefix "M" bearing the distinctive numbers ending in any of the following two digits:

Also Debentures of \$1,000 each of prefix "M" bearing the following serial numbers:

2 1181 2181 3181 4181 5181 6181 7181 8181 9181 10181 11181 12181 13181 14181 15181 16181 17181 18181 19181 20181 21181 22181 23181 24181 25181 26181 27181 28181 29181 30181 31181 32181 33181 34181 35181 36181 37181 38181 39181 40181 41181 42181 43181 44181 45181 46181 47181 48181 49181 50181 51181 52181 53181 54181 55181 56181 57181 58181 59181 60181 61181 62181 63181 64181 65181 66181 67181 68181 69181 70181 71181 72181 73181 74181 75181 76181 77181 78181 79181 80181 81181 82181 83181 84181 85181 86181 87181 88181 89181 90181 91181 92181 93181 94181 95181 96181 97181 98181 99181

Payment will be made upon presentation and surrender of the above Debentures with coupons due October 1, 1982 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10005; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London and Paris; Allgemeine Bank Nederland N.V. in Amsterdam; Credito Italiano in Milan; and Banque Internationale a Luxembourg S.A. in Luxembourg. Coupons due April 1, 1982 should be detached and collected in the usual manner.

On and after April 1, 1982 interest shall cease to accrue on the Debentures selected for redemption. The current conversion price of the Debentures is \$57.32 per share of Common Stock of W. R. Grace & Co.

W. R. GRACE OVERSEAS DEVELOPMENT CORPORATION

Dated: March 1, 1982



BUSINESS NEWS

MARKETS ROUND THE WORLD

SUCCESS MARKET

# US money supply figures continue to outwit market

Stock prices on Wall Street may fall today for the tenth Monday in a row.

Once again money supply figures failed to meet expectations and rose by \$1,200m (£599m). The markets have been very sensitive recently to money supply figures because investors feel that too high a supply will cause the Federal Reserve to tighten credit and push up interest rates.

The stock market has been so volatile lately that it is difficult to predict its movements.

Last week for instance experts expected prices to rise on Monday afternoon but the money supply had dropped further than anyone had expected. Instead, the Dow Jones industrial average dropped 13 points to 811.25, its lowest point since May 1980.

That drop was attributed to investor worries over high interest rates, the recession and the gloomy outlook for corporate profits.

Then on Wednesday a rally led by stocks had been under pressure only the day before took the Dow up 13.79 to 826.77.

By Friday that rally had run out of steam as investors took note of earnings by the Congressional Budget Office that United States deficits for the next two to three years would be much higher than the Reagan administration had predicted and that interest rates would not drop

as sharply or as quickly as the administration forecast.

The Dow closed for the week at 824.35, almost unchanged from its closing level of 824.01 the previous week.

Most market watchers predict that stock prices will continue to fall over the next few months even though the interest rates are falling and bond rates rising — a combination that used to bring higher stock prices in its wake. Few expect much of a rise in stock prices until interest rates drop low enough to stimulate the United States.

## JOHANNESBURG

### Glow or gloom

The big question hanging over the Johannesburg Stock Exchange is whether De Beers will hold its dividend. Historically, there is a record of steady increases but the report due in the next few days could possibly reverse the trend although the market does expect it to be maintained.

Nevertheless, there has been heavy selling in Johannesburg of De Beers, now yielding 9.5 per cent, the highest ever. Having received the low CSO report, Johannesburg is looking for a signal in the De Beers report that the market has bottomed. It is also expecting some indication of how much De Beers has borrowed in the

past 12 months to finance its diamond stockpile.

The lack of enthusiasm for De Beers on the market last week appears also to be symptomatic of a generally weakening all-round tone in Johannesburg. Even industrial shares, which have nearly three years of interrupted growth, are now showing signs of cracking and the actuary index last week came down a number of points.

Political events last week and the serious split in the ruling National Party hardly troubled the market but there was concern about the higher interest rates and other fiscal belt-tightening measures outlined by Mr Owen Horwood, the finance Minister, who will not be announcing his main budget proposals until late this month.

London-quoted Liberty Life and Liberty Life Holdings are both due to report this week and the market is expecting another set of outstanding results which should help a little to lift the current gloom.

Federale Myboub and Gencor are also due. The market does not expect anything out of the ordinary from Federale Myboub but will take grave note of what Gencor, now South Africa's second largest mining financial house, has to report.

Apart from its mining interests Gencor has large industrial holdings and its report is likely to have a

significant bearing on a sector now in a state of flux.

**SYDNEY**

### Bleak prospects

The Australian share market has had a week in the doldrums and immediate prospects look bleak.

Many mining stocks looked unhealthy after a selling attack swept the market. A negative mood pervades the markets, not helped by an announcement by Colonial Mutual Life that it was winding down its share holding in the industrial sector. CML also said it was "over weighted" in the mining sector, especially in oil and gas. Its investments there will be reviewed soon.

Fears that Opec will cut oil prices at its next meeting have hit oil and gas share prices.

Some of the breathtaking plunges included Vangams dropping A\$1.18 to A\$7.50. Crusader down 95 cents to A\$3.90 and Bridge down 65 cents to A\$3.00.

One broker went as far as to call it the "Confidence Crisis". The all ordinaries index lost more ground in 15 months of the Fraser government than it lost in the three years of Whitlam's Labour Government. The more speculative oil and gas index has dropped 50 per cent in the same period.

This will strengthen Hongkong's role as a financial

centre. Faced with the continuing lack of corporate news, investors wait for a lead from Wall Street before this market decides where it is heading. For the present, most are convinced that they have yet seen the bottom.

**SINGAPORE**

### Downward drift

Brokers last week had difficulty in staying awake as an early technical rally faded back into a slow drift downwards. Overseas activity remained slack, and the listless mood hit local investors who had been largely responsible for present activity.

One broker attributed the sluggishness to uncertainty over the spry's expected general elections in Malaysia. Further cuts in interest rates locally seemed to have little beneficial effect at the end of last week. On Friday, the Straits Times Index closed 6.93 points lower at 740.73, down from 747.66 the previous Friday's 753.01.

Brokers hoped that anticipation of a bullish budget with big cuts in personal and corporate tax to be announced this Friday would help push prices higher.

Another drop in interest rates is also expected this week and this, too, may boost activity.

**HONGKONG**

### Dull market

The market drifted with the Hang Seng Index closing seven points down on the week at 1272. Average daily turnover remained low at HK\$143m (£13.14m). The dull trading was despite Wednesday's budget, the first for Mr John Breckridge, Hongkong's new Financial Secretary. It contained no big surprises to turn the market one way or the other. But some analysts are concerned by the trend towards higher government spending. Although still in surplus, the Government is budgeting for big housing and land production programmes when a weak property market means reduced revenue from crown land sales. As one broker said, the trend is for a fiscal deficit which would put renewed pressure on a weak currency.

A positive feature of the package is the abolition of a 15 per cent withholding tax on foreign currency deposits. This will strengthen Hongkong's role as a financial

## Romania's growth dash in peril

Despite its present cash difficulties, Romania has remained Britain's biggest growth market in Eastern Europe — and unless it cancels long term contracts with Britain must remain at a reasonable level.

British exports rose 41 per cent to £99m in 1980 and a further 60 per cent last year. Only half of last year's figures are available because the civil servants' dispute disrupted overseas trade statistics — but the £80m worth of sales were achieved over six months and reflect an accurate guide for the year as a whole.

The increase in business was in three areas: grain, coke and aircraft parts. The aircraft trade will also certainly remain high because of the long-term nature of the contracts.

British Aerospace has a £150m deal under which 30 BAC 1-11s are being built in Romania and Rolls Royce has a 15 year agreement for 225 Spey 512 engines to be half-built locally.

The advanced Banasea complex — which has drawn high praise from British suppliers for its standards of workmanship — is an attempt by Romania to give birth again to the strong and substantial aviation industry which it had in pre-war days. The complex is near Bucharest airport — and underlines Romania's efforts to encourage Western countries to co-laborate in Third World projects.

The British Aerospace deal not only extends the manufacturing life of BAC 1-11s but is ideally suited to

supplying developing countries which Romania can take on as customers, but which the Export Credit Guarantee Department would be reluctant to insure for large sums for aircraft.

It also shows that Romania has landed itself in difficulties for many of the same reasons as Poland — a push towards industrialization which saw it achieving twice the world's economic growth rate in the decade up to 1979.

A problem for all suppliers is that Romania demands 100 per cent countertrade, and is decidedly unlike Poland though in being a freethinker in both trade and politics. Comecon does not recognize the existence of the EEC, but President Ceausescu concluded a trade agreement for industrial projects with the Common Market in July 1980. The United States demand last week that it repay a \$5.8m (£3.1m) loan for food when the West continues to supply Poland with food credits — has perplexed many western observers.

The West Germans who do five times as much business with Romania as Britain and more than twice as much as the United States, were last week considering how part of Romania's \$1,000m worth of foreign debts can be paid. That more conciliatory line would probably be backed by British Trade experts although they are uncertain what 1982 will reveal, and Foreign Office deliberations may even result in a tougher line on credits (backing an as yet unexplained Washington stance).

John Lawless

## Help each other to win through, CBI says

The Confederation of British Industry has told member firms in the West Midlands that they must take the initiative for restoring prosperity to one of the hardest hit regions in the country.

More than 100 have responded by indicating their willingness to take part in a one-day "Winning Through" conference in Birmingham on Thursday to tell other companies what they are already doing to revive business confidence and what more needs to be done.

Mr Chris Walliker, regional chairman, says: "This will be no talking shop. We know many firms have moved into new products and have made big improvements in productivity. Yet West Midlands businessmen will believe Whitehall's claim that things are improving when they see orders materialising."

A background paper to the conference takes up the CBI's campaign for government help for industry in next month's Budget. "While so many companies faced with different circumstances have been doing all they can to improve their competitiveness, the time is now long overdue when central government must also play its part in the process."

"There is now much evidence coming from individual companies which suggests that if the government fails to act speedily many of the benefits likely to flow from private sector attempts to increase efficiency may fail to materialise", it warns.

Clifford Webb

## Base Lending Rates

ABN Bank	13 1/2%
Barclays	13 1/2%
BCCI	14%
Consolidated Crds.	13 1/2%
C. Hoare & Co	13 1/2%
Lloyds Bank	13 1/2%
Midland Bank	13 1/2%
Nat Westminster	13 1/2%
TSB	13 1/2%
Williams & Glyn's	13 1/2%

\* 7 day deposits on sums of £10,000 and over

## M. J. H. Nightingale & Co. Limited

27/28 Loyal Lane London EC3R 9EB Telephone 01-621 1212

Capitalisation	Company	Ch on Price	Low	Gross	Yld	P/E
1,233	ABI Hd 10% CULS	124	+1	10.0	8.1	—
4,052	Airsprung Group	70	+2	4.7	5.7	11.1
1,125	Armstrong & Rhodes	45	+2	4.3	9.6	3.8
1,230	Bardon Hill	200	-2	9.7	4.9	9.7
5,339	Deborah Services	69nd	-2	6.0	8.7	3.3
4,157	Frank Horsell	131	+1	6.4	4.9	11.8
11,991	Frederick Parker	83	+4	6.4	7.7	4.2
960	George Blair	52	+1	7.3	7.7	6.8
3,858	IFC	106	—	15.7	14.8	—
2,454	Isac Conv Pref	97	+2	7.0	7.2	3.1
15,458	James Burroughs	112	—	8.7	7.8	8.2
2,550	Robert Jenkins	250	—	31.3	12.5	3.5
3,000	Serutons "A"	60	+2	5.3	8.8	9.2
3,905	Todday & Carlisle	160	-1	10.7	6.7	5.1
2,120	Twinlock 15% ULS	78	+1	15.0	19.2	—
3,815	Unilock Holdings	25	-1	3.0	12.0	4.5
9,633	Walter Alexander	76	+1	6.4	8.4	5.0
5,472	W.S. Yeates	228	+2	13.1	5.7	4.3

Prices now available on Prestel, page 48146

## MANAGEMENT BRIEFING

## Quick move from brags to riches

One Friday last month, Milton Keynes Development Corporation received a phone call from Mr Michael Healy, managing director of the newly formed Osborne Computers (UK). He wanted an industrial unit. Hearing that one was available, Mr Healy went straight to Milton Keynes, took the unit and moved in the company's distribution facilities that weekend.

The quick move is typical of Osborne Computers, started in California less than a year ago by British expatriate Dr Adam Osborne, and now the world's fastest growing personal computer company.

In the United States Osborne has sold 16,000 computers worth \$30m (about £16.2m), running at an annual rate of \$80m and Dr Osborne expects them to reach \$300m for the year as a whole.

Osborne's British subsidiary is selling about 200 computers a month from its new base in Milton Keynes and its ambitions match those of the American parent: 1,000 computers a month, worth £12.5m a year, by the end of this year.

The company's sole product, the Osborne 1, is aimed at the professional market (unlike Sinclair's far cheaper ZX81 home computer, whose facilities are too limited for the business user). Its sales appear to be based on an extraordinarily low price — \$1,795 in the United States, £1,250

in Britain — for an impressive package of hardware and software. Osborne claims that the same combination of features would cost two to three times as much from another supplier.

"There's no magic in this machine," said Mr Healy. The striking feature of the hardware is the way it is packed — the first business computer in a briefcase.

The inventor was born in Thailand of British parents, and brought up in Leamington Spa. Dr Osborne worked as a chemical engineer in the American oil industry for 10 years before he founded a computer consultancy in 1970. His PhD is in chemical engineering; Dr Osborne had no formal training in electronics.

During the 1970s Dr Osborne became well known in the small computer industry as the author of technical articles bitterly critical of microelectronics companies. His book *An Introduction to Microcomputers* has sold 300,000 copies, and Osborne & Associates became a successful microelectronics publishing company.

In 1979 Dr Osborne sold his publishing business to McGraw-Hill and used the proceeds to put his out-proven ideas about micro-computer manufacturing into practice. The story so far has been "brags to riches" as a headline in the McGraw-Hill magazine *Business Week* said.

Clive Cookson



Dr Alan Osborne: no electronics training.

## New satellite TV control laws expected

The Government is preparing the ground for further telecommunications legislation to be introduced next year.

The rapid pace of technology in communication has dictated that the Government respond positively to the changes taking place in satellite broadcasting, cable television and equipment manufacture. The laws and the rules which have governed communication in Britain for the past 30 years are now under question.

This week an announcement is expected by the Government on satellite television broadcasting. Whether the BBC or the IBA play a dominant role in the system is a side issue. The rules and regulations controlling the quality and, indeed, the source of such programming

will require review. Satellite broadcasting of television will undoubtedly be a major part of new telecommunications legislation.

Cable television is related to the decision made to government about satellites. Many contributions will have earth stations tuning into satellite signals which in turn will be carried by cable to the consumer's premises.

Next week the Government is expected to publish the findings of a study into cable television conducted by the information technology committee of the Cabinet Office. The report is expected to favour a more liberal approach to the technology and the lifting of constraints that have previously governed such transmissions.

Last year was the first experience the Government

has had in trying to liberalize the complex industry of telecommunications. The concept behind the British Telecommunications Act, which came into effect last October, was to dilute the monopoly of British Telecom and encourage competition in the supply of equipment and in the provision of telecommunication services.

The financing and structure of British Telecom also remains a problem for the Government and a change in its present status would require further telecommunications legislation. The much discussed Buzby Bond, which now looks like being part of the Budget, has caused endless problems for the Government.

The experience gained by the Government over the past 12 months in its attempts to liberalize the telecommuni-

cations market in Britain has also led them to believe that British Telecom cannot be part of a regulatory body and at the same time compete in the market place.

Serious consideration is therefore being given to the creation of an independent body, similar to the Federal Communications Commission of the United States, to regulate the industry. Functions currently performed by the Department of Industry, like the allocation of licences for supplying equipment or for the provision of telecommunication services, could become the brief of the new authority. Powers previously held by the Home Office, like the allocation of frequencies would also be the province of the new body.

Bill Johnstone

## COMMODITIES

## Tin saga set for another re-run

Battle-hardened metal traders returning to the London Metal Exchange this morning may be forgiven if they should feel that the great tin saga resembles *Gone with the Wind*: it leaves thousands of corpses strewn across the floor; it goes on for ever; it costs a great deal; and you have seen it several times before.

But I have an uncomfortable hunch that the "operator" — as the buyer is slightly ambiguously called — is making more money out of tin dealings than was thought possible. So, he may well be back this week to spoil the fun again.

Let us assume the buyer has soaked up 30,000 tonnes of tin since the operation started in earnest last July. This seems reasonable given

that consumption fell below estimated 1981 production of 200,000 tonnes by 20,000 tonnes. To that should be added United States General Services Administration sales of 5,000 tonnes and consular stockpiles of roughly the same amount.

On the assumption that the buyer will have to take surplus tin off the market again this year, total purchases could climb to the dizzy heights of 70,000 tonnes. This costs a lot of money: up to £400m has probably been spent so far, and gross outlays could be £600m by the end of this year if buying continues and prices do not fall below the present levels.

So, precisely because it is so extravagant even if a country's taxpayers are unwittingly footing the bill —

it would seem unlikely that the operation is being conducted in this way. To be witnessing is a new kind of market manipulation. This is not a clumsy old-fashioned "corner", but a skillful exploitation of an open market which remains within the rules while simultaneously discrediting the LME and financing its own needs.

The tin producers widely believed to be behind the operators must have benefited from higher metal prices, despite their claims that many smaller mines are still not profitable. They may yet agree on export and production restrictions, especially if the Sixth International Tin Agreement is stillborn. The show might be renamed *Gone with the Hurricane*.

Sally White

## Europe bond prices (yields and premiums)

Country	Yield	Premium
France	10.00	1.00
Germany	9.50	0.50
Italy	11.00	1.50
Netherlands	8.50	0.50
Spain	12.00	2.00
Sweden	9.00	0.50
Switzerland	7.50	0.50
UK	10.50	1.00
US	11.50	1.50

Michael Prest

## Anger over risk to 30,000 jobs

The support of a new Multi-Fibre Arrangement by the European Council of Ministers was attacked yesterday by the British textile and clothing industry.

"It is incredible," said Mr Russell Smith, president of the British Textile Confederation, "that the United Kingdom government, which has publicly stated its support for a strong and effective MFA, should have accepted a decision which makes possible a 22 per cent leap in the amount of low-cost clothing entering the United Kingdom and the potential loss of a further 30,000 jobs."

Clothing industry lobbyists are particularly angry that the new MFA, which is intended to restrict imports to the EEC and protect jobs, is based not on import levels, but on quotas levels.

The Government, Mr Smith said, was trying to oversell the Council's decision reached on Thursday, which

he said would leave the Community in a very weak position to conduct bilateral negotiations with individual supplying countries.

Mr Peter Rees, Minister of State for Trade, had told the Commons earlier that revised overall import limits represented a firm commitment by the community to regulate imports in sensitive categories.

He said growth rates of 1 per cent were lower than in the previous MFA, and special measures had been agreed to ensure that the anti-surge mechanism would prevent any sudden rises in import levels. These were first, rapid anti-dumping retaliation, and secondly the implementation of bilateral review provisions.

The Council had decided that if satisfactory bilateral arrangements could not be agreed, the community would withdraw from the MFA at the end of the year.

NEW APPOINTMENTS

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## BUSINESS NEWS/FOCUS AND COMMENT

INTER-CITY  
PEOPLEMERSEYSIDE  
Beachcomber  
bonanza

Gordon Read, the Merseyside County Council archivist, tells a tale of how the "Beachcomber" collection of Liverpool business records.

The story is preserved for posterity in the current edition of the journal of the Business Archives Council, concerns a vast cache of solicitors' and accountants' papers.

These describe the life of Liverpool from the establishment in 1753 of a steel mill run on the now fashionable idempower, to Cunard documents describing that day in 1942 when, without even knowing it, Queen Mary cut in half her escort cruiser, the *Cunard*.

Now known as the Bryson collection, the papers came to Read from makeshift containers and old sheds in the back garden of the late Joe Bryson.

Bryson, writes Read, was a "beachcomber" of a special kind, one whose method was "offering backhanders to wastepaper dealers and taking his gains to bookshelves and philatelic firms."

Yet even what was left in the back garden constitutes "one of the largest and most varied collections of business records in Britain."

"A backhanders" of about £5,000 to Bryson secured the papers, which Read is still going through and from which, Read says "further important discoveries may yet be made."

## Alec's cup tie



Timman Alec Brook

The pleasure felt by soccer fans throughout England, Scotland and Northern Ireland, that the national team's qualification for the World Cup is matched by the joy now being savoured by Alec Brook (above).

Brook is really a table-tennis man: You may remember his variety act with the late Victor Barna. But Brook also can a sport which, which now become A.D.B. (London) Ltd., a specialist tie and accessory business.

He bought the British concession to make World Cup ties and accessories, which Brook regarded as a gamble since he believed England to be the only British side with a chance of qualifying.

CHILTERN  
Pump primers

Tim Amsden is the chairman of the St Albans-based Campaign for Real Ale which, I suppose, it would be wrong to call a pressure group, since it campaigns against serving beer by gas pressure.

Amsden, however, is also a one-man campaign for real buildings that he runs at Silvermead, a firm at Hawridge Common, near Chesham, Bucks, which specializes in flintwork and clay peg tiling.

The CAMRA chairman is pleased to report in the new edition of the Good Beer Guide "a resurgence of the small independent brewer, even in the 'real ale' desert that is Ireland."

For all that, Amsden tells me that he is less than happy on the home front. Although CAMRA itself is leaving behind its recent money troubles, Amsden finds that Wally Pope, the landlord of his local, the Full Moon at Hawridge, is about to raise the price of Amsden's tipple, a brew from nearby Marlow called Wethered's SPA.

"Good Beer Guide 1982", CAMRA, £3.95.

NEW  
APPOINTMENTS

Mr Robert Clark has been appointed a director of Shell with effect from March 1, 1982.

Mr Richard Mansell-Jones has been appointed as non-executive director of Burnet and Hallamshire.

Mr D. S. Hancock is to be appointed Burnet and Hallamshire director, lubricants marketing, on April 1, 1982.

Mr Roger Davies, currently managing director of Thomson Holidays, will take up the new post of managing director of Thomson Travel. Mr John MacNeil becomes managing director of Thomson Holidays in succession to Mr Davies.

The country needs an economic policy which will defeat inflation without the cost of plummeting output and soaring unemployment. Many Keynesian economists

at London Business school predict only gradual economic recovery. The

growth, as can be seen in the chart, will be from an extremely low level and the

implications for unemployment are dismal.

When it comes to Budget advice to the Chancellor on boosting the economy we are, it seems, all gradualists now.

Mrs Thatcher's pre-emptive speech last week emphasizing the limited room for manoeuvre imposed by North Sea oil revenue reductions puts her firmly at the minimalist extreme. But even the traditionally expansion-minded National Institute for Economic and Social Research (NIESR), in its latest review, speaks cautiously of "a modest injection" of demand "the first in a series of steps" for fear of sparking off a fresh inflationary spiral.

This gradualist consensus is understandable in circumstances where no coherent policy for controlling inflation other than the bludgeon of a severely depressed economy, mass unemployment and the fear of redundancy is in prospect. But the urgency of seeking a sensible alternative is made only too clear in the chart.

The chart shows what has happened to national output (gross domestic product or GDP) between 1975 and 1981, and what three forecasters think is likely to happen over the next few years on present policies. (They are all, incidentally, more optimistic than the Treasury for the coming year.)

Also included on the chart is a line showing what would have happened to output if it had continued to grow in line with the average over the period from 1975 to 1979 — nearly 1 1/2 per cent a year.

Both the strongly Keynesian NIESR, and the moderately monetarist London Business School, foresee several years of gradual economic recovery. But this merely picks up the previous growth trend starting from a much lower level of output than before.

On their assumptions output does not reach its 1979 level until 1984 or 1985 (after the next election), and shows

no sign whatever of closing rapidly, or even narrowing significantly the gap between actual and potential (or trend) output.

On the contrary, the NIESR shows the output gap widening, from 8 per cent below trend in 1981 to 10 per cent in 1986. The loss output in 1981 alone amounts to more than total government spending on health, housing and social services combined.

In the past the end of recession has usually been identified as the point when output regains its trend level after falling below it. On this basis, both the NIESR and the LBS are predicting continued slump for the rest of the decade.

The implications for unemployment are dismal. Given even modest productivity improvements and a demographic increase in the population of working age, unemployment is forecast to rise steadily over the next few years. The NIESR, assuming average economic growth of 1 1/2 per cent a year, sees adult unemployment at 3 1/2 million by the end of 1986. The LBS, despite assuming faster economic growth of 1 1/2 per cent a year, has adult unemployment rising from 2.9 million in 1982 to 3.1 million in 1985.

This implies that growth of at least 2 per cent a year is necessary just to stop unemployment from getting worse. If, as the Government hopes,

productivity is improving rapidly, or rising output attracts back into the workforce people such as married women who are not actually registered as unemployed, growth rates would need to be a good deal higher. The TUC, for instance, reckons that growth of 4 per cent a year on average will be necessary to make any significant impact on reducing the number of registered jobless.

The government has of course repeatedly claimed that economic recovery does not depend on government boosts to demand. Recovery follows recession as day follows night, in the words of Mr Leon Brittan, Chief Secretary to the Treasury, last year. This is also the philosophy of Professor Patrick Minford of Liverpool University, a staunch monetarist and a persistently optimistic forecaster of British economic prospects, whose latest predictions are shown in the chart.

The Minford forecasts in a sense represent what the Government is trying to achieve: a radical shake-up of industry and liberation of market forces resulting, after a temporary drop in output, in a more rapid and sustainable growth path than before. On the Liverpool calculations the economy is back to past growth trends and well on the way to overtaking them by 1984, with 1979 output

levels easily surpassed in 1983, well before the likely date of the next general election.

Professor Minford's forecasting track record has not, however, been of the best, over the past couple of years predicted recovery has steadily receded. Even his assessment of the present state of the economy, as the chart indicates, is a little optimistic.

There are those who argue the calculations of the "gap" between actual and potential output are misleading because no one knows what potential output is any more.

Mr Bill Robinson of the London Business School, for instance, has suggested that for manufacturing industry potential output has actually been falling since the mid-1970s. This is because a lot of physical production capacity — factories, plant and equipment — has been made uneconomical by technological change such as the advent of micro-processors.

On this view, the output gap could be considerably smaller than the chart suggests. (For manufacturing, which represents only a quarter of national output, Bill Robinson has put the gap at 6 per cent in mid-1981 compared with 22 per cent in the 1963-78 growth average

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Whatever the precise trend, however, one thing is clear: if Mrs Thatcher's government cannot perform the hoped-for economic miracle, its failure will cost the country dearly, not just in terms of lost output and mass unemployment now, but for the indefinite future as well.

The Government largely engineered the recession for the sake of future prosperity, by running tight fiscal and monetary policies and by permitting the exchange rate to appreciate out of sight, thereby hammering the manufacturing sector.

It had the option to cushion recession, admittedly at a cost in terms of higher inflation, but chose not to. If the Government's gamble fails the electorate will have the right to throw it out at the next election. But the economic loss will be irreversible.

The problem now is whether the French Government's strategy for a nationalized Saint Gobain will be compatible with Olivetti's objectives. Signor de Benedetti hopes the position will become clear in a few months. Meanwhile relations with Saint Gobain are virtually frozen, as he puts it, "hibernating."

He has not been hibernating in the banking sector though, in which he has suffered the second setback of his career. The first was in 1976, when he resigned as chief executive of Fiat after only 100 days due to differences with Signor Umberto Agnelli. This time he surprised the public buying a major shareholding in the big private bank, Banco Ambrosiano.

Signor de Benedetti, of Jewish origin, enjoys, in the words of a leading commentator, a reputation for "moral intransigency and financial correctness". Banco Ambrosiano is associated with the more obscure side of Catholic finance. It is not known who its major shareholders are or if the Vatican is still among them.

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Italians were equally surprised when on January 22 Signor de Benedetti sold his holding and left the bank after only 65 days. What had happened? Signor de Benedetti says he went in because an offer was made to him to become the major Italian shareholder "and the only one under his own name", and to join the management "in collaboration with Signor Calvi, to arrange for his succession."

He got out "because these premises and promises were not maintained, and Signor Calvi thought he could continue to manage the bank in a personal and secret manner."

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In addition, both Saint Gobain and CIR have shares outside the syndicate, bringing their total holdings respectively up to 30 and 17 per cent. Saint Gobain however has delegated its power to the Olivetti management until January 1986.

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Under Signor de Benedetti, Olivetti has made several agreements with North American and European firms, of which the most notable was that with Saint Gobain of France in 1980. Saint Gobain is the biggest shareholder in Olivetti. It and Signor de Benedetti's own holding company CIR each have one third in a controlling shareholding syndicate (which holds about 35 per cent of the Olivetti equity), the other third of the syndicate being spread among leading Italian institutions.

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## FORECASTS OF THE OUTPUT GAP

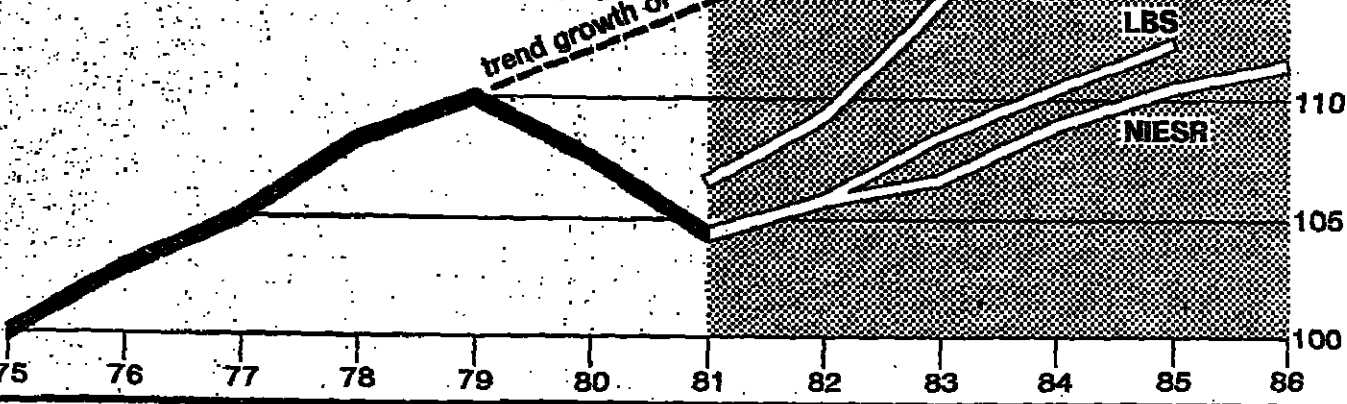
GDP

1975=100

NIESR: National Institute of Economic and Social Research

LBS: London Business School

Source: CSO, Economic Trends and individual forecasts



## Urgent need to arrest the decline



Mrs Thatcher — 'her government's failure would cost the country dearly'

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## PRODUCTION AND JOBS

year	output gap %	UK unemployment (million)
	The actual figure	
1980	-3.9	1.6
1981	-8.4	2.5
	The projections	
1982	-8.6	-3.7
1983	-8.5	-7.8
1984	-9.1	-7.3
1985	-9.4	-7.9
1986	-10.1	n.a.
	NIESR	LBS
		Liverpool
		NIESR
		LBS
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\* 4th quarter

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Whatever the precise trend, however, one thing is clear: if Mrs Thatcher's government cannot perform the hoped-for economic miracle, its failure will cost the country dearly, not just in terms of lost output and mass unemployment now, but for the indefinite future as well.

The Government largely engineered the recession for the sake of future prosperity, by running tight fiscal and monetary policies and by permitting the exchange rate to appreciate out of sight, thereby hammering the manufacturing sector.

It had the option to cushion recession, admittedly at a cost in terms of higher inflation, but chose not to. If the Government's gamble fails the electorate will have the right to throw it out at the next election. But the economic loss will be irreversible.

The problem now is whether the French Government's strategy for a nationalized Saint Gobain will be compatible with Olivetti's objectives. Signor de Benedetti hopes the position will become clear in a few months. Meanwhile relations with Saint Gobain are virtually frozen, as he puts it, "hibernating."

He has not been hibernating in the banking sector though, in which he has suffered the second setback of his career. The first was in 1976, when he resigned as chief executive of Fiat after only 100 days due to differences with Signor Umberto Agnelli. This time he surprised the public buying a major shareholding in the big private bank, Banco Ambrosiano.

Signor de Benedetti, of Jewish origin, enjoys, in the words of a leading commentator, a reputation for "moral intransigency and financial correctness". Banco Ambrosiano is associated with the more obscure side of Catholic finance. It is not known who its major shareholders are or if the Vatican is still among them.

Its chairman, Signor Roberto Calvi, is at provisional liberty pending appeal against a four-year prison sentence and \$16,000 fine (£6.8m) for currency offences.

Italians were equally surprised when on January 22 Signor de Benedetti sold his holding and left the bank after only 65 days. What had happened? Signor de Benedetti says he went in because an offer was made to him to become the major Italian shareholder "and the only one under his own name", and to join the management "in collaboration with Signor Calvi, to arrange for his succession."

He got out "because these premises and promises were not maintained, and Signor Calvi thought he could continue to manage the bank in a personal and secret manner."

Signor de Benedetti says he was not disposed to invest \$50m without actively following his investment, and to act as vice-chairman without exercising the rights and duties — also towards other shareholders — which go with the post. In due course he promises a public statement, but for the present that is all he will say.

In addition, both Saint Gobain and CIR have shares outside the syndicate, bringing their total holdings respectively up to 30 and 17 per cent. Saint Gobain however has delegated its power to the Olivetti management until January 1986.

defence of European industry comes through seizing opportunities for collaboration, and not through making stand-alone equipment and software", he says.

Under Signor de Benedetti, Olivetti has made several agreements with North American and European firms, of which the most notable was that with Saint Gobain of France in 1980. Saint Gobain is the biggest shareholder in Olivetti. It and Signor de Benedetti's own holding company CIR each have one third in a controlling shareholding syndicate (which holds about 35 per cent of the Olivetti equity), the other third of the syndicate being spread among leading Italian institutions.

How should Europe respond? Not by mergers but through collaboration. He is pressing for the establishment of common European standards, so that European manufacturers will offer systems and networks which can speak to each other. This, he emphasizes, is what the European Community should be promoting and financing, rather than new generations of computers.











SPORT

SKIING

Maria Eppler finds her ski legs

Aspen, Colorado, Feb. 27. Declaring herself fully recovered from a crippling knee injury which had cost her most of the last two seasons, Maria Eppler, of West Germany, rallied to win a women's World Cup giant slalom today on Aspen Mountain.

Miss Eppler, aged 22, the 1978 world champion in the event, overcame a first-run lead by Erika Hess, of Switzerland, to gain a narrow combined victory. Miss Eppler's time was 2 min 13.51 sec for the two runs, while Miss Hess clocked 2:13.67.

Third place went to Miss Eppler's older sister Irene, while an unheralded American, Karen Lancaster, claimed fourth place. In two more surprising performances, Anne-Flore Rey, of France, was fifth and Ann Melander, of Sweden, sixth.

Although she finished second, the 19-year-old Miss Hess improved her chances of winning the women's overall World Cup Championship. She began the day leading Irene Eppler by just 14 points but came away with a 20-point margin, 277 to 257, with seven races to go. The next are a slalom and giant slalom March 3 and 4 at Waterville, New Hampshire.

Difficult gate placement and new snow claimed several favorites, including the Americans Christen Cooper and Tamara McKinney, Yvonne Koppert, of Liechtenstein, and Perrine Felan, of France.

Miss Cooper is third in the World Cup standings, Miss Koppert is fifth and Felan sixth.

Mueller whistles down

Whistler, British Columbia, Feb. 27. Switzerland's Peter Mueller won the World Cup downhill skiing event at Whistler Mountain today by more than a second. It was his first win of the season after breaking his leg in September.

The 24-year-old Mueller, who spent an additional hour on the flat sections of the course in practice yesterday, won the eighth World Cup downhill of the season by covering the 3,795-metre (12,451-foot) course in two rumples, 14.38 seconds. Canadians Steve Podborski and Dave Irwin finished second and third respectively.

LEADING PLACES: 1. P. Mueller (Switzerland) 14.38; 2. S. Podborski (Canada) 14.50; 3. D. Irwin (Canada) 14.51; 4. G. Gohli (Switzerland) 14.52; 5. P. Krieger (Switzerland) 14.53; 6. J. K. R. (Switzerland) 14.54; 7. J. K. R. (Switzerland) 14.55; 8. J. K. R. (Switzerland) 14.56; 9. J. K. R. (Switzerland) 14.57; 10. J. K. R. (Switzerland) 14.58.

edges," Miss Hess complained. Coupled with his victory in the last giant slalom race two weeks ago at Oberstaufen, West Germany, today's results placed her in position to challenge her sister Irene for the overall giant slalom championship.

RESULTS: 1. M. Eppler (W. Germany) 2:13.51; 2. I. Eppler (W. Germany) 2:13.67; 3. K. Lancaster (USA) 2:13.75; 4. A. F. Rey (France) 2:13.85; 5. A. Melander (Sweden) 2:13.95; 6. C. Cooper (USA) 2:14.05; 7. T. McKinney (USA) 2:14.15; 8. Y. Koppert (Liechtenstein) 2:14.25; 9. P. Felan (France) 2:14.35; 10. J. K. R. (Switzerland) 2:14.45; 11. J. K. R. (Switzerland) 2:14.55; 12. J. K. R. (Switzerland) 2:14.65; 13. J. K. R. (Switzerland) 2:14.75; 14. J. K. R. (Switzerland) 2:14.85; 15. J. K. R. (Switzerland) 2:14.95; 16. J. K. R. (Switzerland) 2:15.05; 17. J. K. R. (Switzerland) 2:15.15; 18. J. K. R. (Switzerland) 2:15.25; 19. J. K. R. (Switzerland) 2:15.35; 20. J. K. R. (Switzerland) 2:15.45; 21. J. K. R. (Switzerland) 2:15.55; 22. J. K. R. (Switzerland) 2:15.65; 23. J. K. R. (Switzerland) 2:15.75; 24. J. K. R. (Switzerland) 2:15.85; 25. J. K. R. (Switzerland) 2:15.95; 26. J. K. R. (Switzerland) 2:16.05; 27. J. K. R. (Switzerland) 2:16.15; 28. J. K. R. (Switzerland) 2:16.25; 29. J. K. R. 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**BIRTHS**  
BROOK, on 24th February, to the wife of Mr. J. Brook, a daughter, Catherine Mary.

**DEATHS**  
SCOTLAND, on 24th February, at the age of 84, Mrs. Mary Ann Scott, nee Macdonald, of 10, St. John's Road, Glasgow.

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3rd MARCH - St. David's Day

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